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# The CREDIT WORLD

(OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION)

*Only Magazine Devoted Exclusively to Retail Credit*

April, 1936 — Vol. XXIV, No. 7

## SPRINGFIELD, MASS., FIRST DISTRICT CONFERENCE CITY—May 11 and 12, 1936

Business section of Springfield, Mass., from the air. The Second Annual Conference of the First District (New England States) will be held here—at the Kimball Hotel—May 11 and 12, 1936.



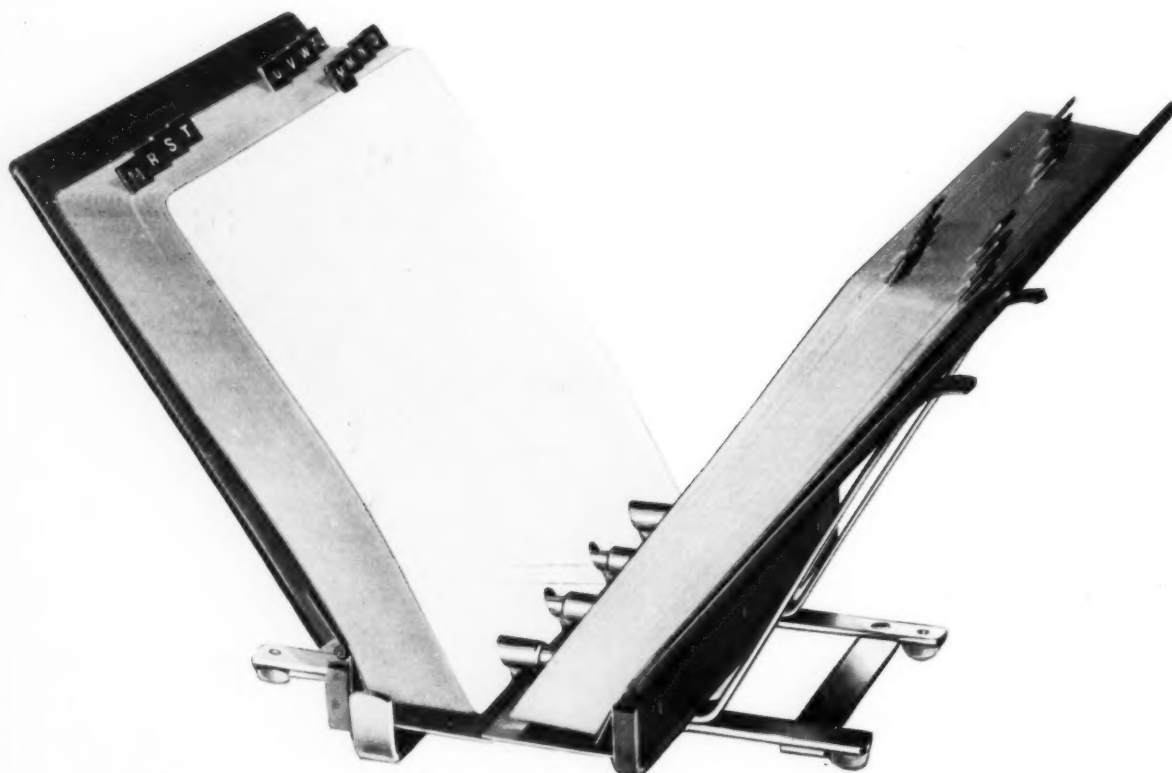
—Photo Courtesy Convention Bureau, Springfield Chamber of Commerce

In center foreground: The Municipal Group—Auditorium, Campanile and Administration Building



# McDonald Gravity-Lock Binder

*The Most Popular Medium in the Accounts Receivable  
Units of Department Stores*



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Trying to Imitate This Binder for the Last Several Years*

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# The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

April, 1936

Vol. XXIV

No. 7

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# SHORT-CUT COLLECTION PLAN FINDS FAVOR WITH CREDIT MANAGERS

## Many Advantages To Store And Customer In New Quick-Cash Method

● Eighty per cent of the people who borrow from Household do so for the purpose of paying old bills. This fact should have a significant meaning to credit managers. It means that a great many delinquents would be disposed to pay their past-due bills if they knew how to go about it.

Many credit managers tell us that their customers are, on the whole, grateful for the suggestion that they borrow to pay their obligation to the store. It relieves them of immediate pressure, restores their credit standing, permits them to buy again at their favorite store.

Household gives a store's customer the same polite, considerate, confidential treatment they would receive from the store's credit department. The store gets its bills paid. The credit manager improves his collection record.

Many credit managers distribute our attractive leaflet: "Charge It Please" and other leaflets with a telling effect on collections. Use coupon below to obtain free sample copies of these mailing pieces, so that you may determine their possible value in assisting you to get money in.

## HOUSEHOLD FINANCE CORPORATION AND SUBSIDIARIES—57th Year of Service Headquarters: 919 North Michigan Avenue

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Please send me a sample copy of "Charge It Please" and other literature you distribute to the public, so that I can determine if your service may be useful to me in collecting delinquent accounts.

Name.....

Name of Store or Firm.....

Address.....

City.....State.....

# EDITORIAL COMMENT

By L. S. CROWDER



## Do You Know the Answer, Mr. Retailer?

**R**ETAILING, today, is in a period of transition—of kaleidoscopic changes. New methods, if they offer any hope of increasing sales and profits, are being tested in the crucible of everyday practice.

For retailers realize that they, like all other business men, must keep abreast of the times—must meet changing conditions or be sunk by them. Today, as always, it's a case of "sink or swim—survive or perish."

However, many retailers, in their eagerness for increased volume and profits, too often place their faith in new methods (untried) which, though volume builders, often create losses instead of profits.

So, it behooves the retailer to know, not only his problems, but also how to meet them and cope with them and *especially how others are meeting those same problems*. There are always rivers to cross but—when other men have already bridged them—why swim?

This association would like to impress upon every store owner—upon every retail executive—the importance of recognizing the part credit plays in modern retailing—the necessity of recognizing that it, as President Driver says, "is a power for weal or woe."

For whether you have direct charge of credits or whether you have this function delegated to a manager of credit sales, *you, yourself*, are vitally concerned in the potentialities of this great force which, properly controlled, is one of the greatest sales builders but, misused, can be a source of loss.

The retail credit fraternity today, through credit meetings (and *The CREDIT WORLD*), is earnestly cooperating in solving the problems shown below and you, Mr. Retailer, should also know the answers:

1. Is it advisable and profitable to enforce a strict collection policy?
2. Will it, as many claim, not only speed up collections, but also increase sales?
3. What are the trends in installment selling?
4. Has the lengthening of terms increased volume sufficiently to justify continuance or should we return to the policy of shorter terms in vogue prior to the advent of FHA?
5. Is it profitable to sell *all types* of merchandise on installment terms?

- (a) Can such a policy be offered by stores catering to the better trade without loss of prestige?
- (b) Should there be a minimum purchase requirement and what should be maximum terms?
- (c) Is it desirable to permit continuous purchases or confine the account to a single purchase?
6. What are the "Letter of Credit" and "Limited Charge Account" Plans?
  - (a) To what extent have they been adopted?
  - (b) Are such plans appropriate for your business?
7. What are retailers doing to curb the tendency to sell credit terms and to prevent disastrous credit competition?
8. Have Divided Payment Accounts or similar plans affected your cash or monthly charge account volume? (Have they encouraged former prompt charge customers to take longer time on their accounts?)
9. To what extent have retailers adopted the policy of adding a carrying charge on monthly charge accounts not paid within a reasonable period after due date?
  - (a) Has the financial income been sufficient to justify the policy?
  - (b) Have collections increased as a result of the policy?
  - (c) What has been the customer reaction?
10. What have many Managers of Credit Sales done to build sales with present customers instead of weakening the credit structure by offering credit terms?

Many subjects similar to those listed above will be discussed and correct solutions reached at the group meetings of members of this Association—at our Convention to be held in Omaha, June 16-19. The three afternoons devoted to group discussions, following our general sessions each morning, will be productive of many worth-while ideas—*ideas that will pay handsome dividends*.

"It is good to rub and polish our brain against that of others," said Montaigne.

You are urged to instruct your Manager of Credit Sales to *plan now* to be at Omaha, June 16, 17, 18 and 19. Have him take advantage of a golden opportunity to broaden his knowledge of credit technique and procedure, enabling him to do a better credit job in the future.

*One idea alone will more than pay for the trip!*





*"But where can I get the money?"*

One sound piece of advice that you can give to the customer who wants to pay but can't, is said in two words: "Morris Plan."

Behind Morris Plan are more than twenty-five years of "Banking on Character." Consideration and understanding play just as great a part in the success of *made-to-measure* banking as they do in any other business.

When you recommend your honest but temporarily slow customers to your local Morris Plan institution, they will receive the same tactful courtesy that you extend to them in your own credit relationships. And you will receive immediate payment of accounts, *in full*.

Why not phone your nearest Morris Plan institution now and make arrangements to talk over this service?



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YONKERS, N. Y.  
YORK, PENNSYLVANIA

# Retail Credit--As I See It!

By GILES C. DRIVER

Credit Manager, The May Company, Cleveland; President, National Retail Credit Association

[[Extracts from an Address to the Members of the Merchants]  
[Credit Bureau, Youngstown, Ohio -- March 10, 1936]]

**D**AY in and day out, the retail merchants of this country are racking their brains and inventing new schemes and developing new ideas for the promotion of sales. They leave no stone unturned to see that they buy the latest styles, get the best values for their money; stress good, clean customer-pulling advertising, because after all there is and must be competition.

Such being the case, and there being a definite capital investment, you surely want to sell your merchandise and you want to sell a good part of it to charge customers but you surely want to sell it to the ones that you feel reasonably sure are going to pay for it and *pay for it promptly*.

Therefore, it seems so utterly unbusinesslike to attempt to build up any wild credit selling schemes which we know (from experience and based on common sense), while intended to be profit makers, are headed toward being "loss makers." Because a merchant or a group of merchants, in their eagerness for volume, have certain credit brain storms and plan that they will give a long, long time (in some cases almost eternity) on merchandise sold to customers, does not by any manner or means increase the earning capacity or the purchasing power per capita of the public.

On the other hand, if persisted in, it does load up the customers in the community *beyond their ability to pay promptly*, or if they are able to pay out at all then they are pledged for a long, long time and there can be no surplus cash with which to be a current customer!

\* \* \* \* \*

It is up to the credit manager, in many cases now called the "Credit Sales Manager," to avail himself of every possible opportunity to promote the credit business of his institution and there are many, many ways in which he can do this. In the first place, if he sees that all of the credit services, from the time the purchase is made until the bill is rendered, are up to standard, he will be a helpful factor. It is his bounden duty, if a customer who has a charge account stops buying, to find out why.

When a customer comes into your store and opens a charge account, that means that the original sales resistance, if any, has been overcome. Then, certainly, if you put this man on your books as a charge customer you want to keep him there and if he quits trading with you you must know whether it is your fault, either from a standpoint of service or merchandise values.

\* \* \* \* \*

My theory, while not entirely practical or perhaps applicable, although I know that it is being done in a lot of

cases, is to build your credit sales volume amongst the many, many hundreds or many, many thousands of customers who *do pay their bills promptly*. If I were a merchant I would rather sell \$500,000 a year more on credit to my present *prompt-pay* charge customers than to sell this same amount to a number of promiscuous (and perhaps slow-pay) charge customers, *either old or new*.



Giles C. Driver

There is a store in the Middle West, formerly operating on a cash basis, which for a number of years, from the standpoint of civic pride, held membership in the credit association although they didn't have a charge customer on their books; they also subscribed to the operation of the local credit bureau. Then about three or four years ago they decided they would go into credit business, and they did, and they have done a splendid job. They told their customers they were going into the credit business and that they wanted customers on their books but they wanted only customers who could and would pay

their bills promptly in 30 days!

Two results: They are constantly building up an ever-increasing charge patronage, and they maintain a collection percentage of around 73 per cent to 74 per cent. In other words, they have proved conclusively to the world, and to their fellow-merchants, that *it can be done!* This organization is the "Moses of the Credit Wilderness."

A very interesting situation in this connection is that the four or five other competitive stores in the town have gotten on the band wagon and are "following the leader," with the result that the other stores' collection percentages, which were around the danger mark, 33 per cent, have now been boosted up to around the 45 per cent, 46 per cent and 47 per cent bracket.

This credit manager tells me that while they are polite and courteous about it, if the customer doesn't pay them in 30 days, or very shortly thereafter, they simply cut off the account and they are living definitely up to the credit policy of the store.

Remember, the larger the turnover on accounts receivable, the larger the turnover on merchandise—and turnover makes for profit.

\* \* \* \* \*

You have the ways and means of finding out quickly and accurately about the standing of your present and prospective customers through your local credit bureau, assuming, of course, that all of you cheerfully and readily turn into the bureau information as to the operation of *your customers' accounts*.

Frankly, sometimes, I feel that if the average merchant did not trust his customer any more than he does his fellow-merchant, he would certainly have a smaller

number of credit accounts. It is so foolish in the final analysis not to play the game straight, because if you do not give freely to the fund of information in the credit bureau *how can you expect to receive freely from this fund?* You are not fooling anyone but yourself!

\* \* \* \* \*

The modern way of selling is credit selling, and a merchant, if he is to keep step with the times, must be prepared to meet with these requirements of the purchasing public. He must be able to quickly and intelligently respond to the request of customers for merchandise which they desire to charge, and there can be little excuse nowadays for his not being able to do so and in an intelligent way.

The managements of the stores are depending more and more upon their credit departments to assist in the promotion of sales, and I think this is a perfectly proper procedure, *if* they have credit departments properly manned, and *if* their credit men will, *while being sales-minded, remain profit-conscious*, and not be swayed too much by the flattering comments of their sales or promotion managers. In other words, they should work *with* and *not* for the promotion managers, and should be careful not to stray too far from the fundamentals in promoting any credit selling program.

\* \* \* \* \*

One thing we must not overlook, in treating credit as a profit builder, and that is the necessity for modern equipment—keeping up with the times so far as the various methods of keeping records, new plate systems for identification in the printing of customers' names, the value of dual posting, or unit posting, the photographing of bills, and all of these various things which have to do with the improvement of service, and the loss of time both to the seller and the purchaser.

*If we begin to think that our 1916 and 1926 plans fit in and meet the conditions of 1936, then we are headed for the EXIT sign.*

It has always been my experience that when a group of business men get together and exchange thoughts, there is much benefit derived. If you give me an idea, and I give you an idea, that's two ideas.

\* \* \* \* \*

The losses in retail granting, according to my notion, are due largely to overbuying, and when I say overbuying that carries with it at the same time overselling, and overselling is the merchants' fault!

There is nothing in any business, credit, merchandising, manufacturing, or whatever it may be, so necessary to the welfare of that particular craft as organization—organization properly administered and controlled.

In business now, as never before, it is a survival of the fittest; the weaklings fall by the wayside and the more courageous carry on. Courage, however, without knowledge is a wasted quality. This leads me to comment on the National Retail Credit Association.

I would like to just mention briefly, that our National Retail Credit Association was formed some 24 years ago at Spokane, Washington; now has an active membership of approximately 14,000, spreading out over the United States and Canada. Our organization is operated solely for the betterment of retail credit granting, and is a non-profit institution.

It pleases me greatly to report to you that our affairs are in splendid shape, that everything is running along nicely, that we are making headway, and we are planning on having the best National Convention in the history of the Association at Omaha, Nebraska, June 16-19.

So far as I am concerned, I am definitely "National" minded, because I can't figure out how a man in Cleveland, Youngstown, or Podunk, can sit down at his desk and keep in the narrow-gauge track and ever develop. He simply has to have outside contacts, he simply has to have the viewpoint of other people in order to develop.

You can't put a plant in a dark basement and expect it to produce a beautiful flower. But if you put it out in the sunshine, and see that it is protected and being nurtured by Nature, you will have not only a beautiful flower but a sturdy one. I think the same thing applies to a credit man, except that if a credit man doesn't look out he will be a wallflower.

Our official publication, The CREDIT WORLD, according to my humble opinion, is showing a definite improvement, not only in its general appearance but in the quality of the articles presented.

Your especial attention is called to the fact that in every line of business there is necessity for research work. In other words, you have to build up your program on actual data and facts and we are doing the same for the credit fraternity in our own Research Department at the National Office in St. Louis.

We have been trying, in the Credit Department of The May Company in Cleveland, to think out some kind of a notification to new accounts that would dispose of our present long-winded, stereotype letter, and I think we have found it on page 13, (Figure 2) of the March issue of The CREDIT WORLD.

I would like to pay a definite compliment to our profession by the statement that there is now being attracted to it more and more every day a higher grade of men and women; in fact, it is necessary that this type of people come in and handle credit affairs because the requirements and standards are higher than ever before.

Confidence—that, next to Character, is the greatest of all words, and thoughts, in credit. I cannot stress the word CONFIDENCE too strongly. You must have it in yourself, in your business organization, in your town, in your state, in your country and last but not least in your fellow-man *and this includes your customer.*

---

### Announcing - - A Special Convention Attendance Prize!

The National Office announces a special Convention Attendance Prize (with appropriate inscription), to be given to the local association having the largest attendance at the Omaha Convention—based on total mileage.

For instance, 10 delegates, traveling 500 miles, would represent a total mileage of 5,000 miles while 18 delegates coming 250 miles would total only 4,500 miles.

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# Recent Trends in Collection Procedure

By HAROLD B. MORSE\*

Collection Manager, Crowley, Milner & Co., Detroit, Mich.

TO BEGIN this discourse, I first would like to make a plea to you credit managers as perhaps your own collection managers would like to do themselves. Let your credit policy be well known and well understood by both your store personnel and by your clientele. Make your credit department stand on its own legs and give your collection department your moral support. We collection men and women are very careful when these two conditions exist that we handle the accounts correctly and that few if any customers get into your office with a complaint of persecution or mishandling.

I think that this subject should begin with the application. Nearly every collection agency that solicits your accounts for collection sends you a blank form to be filled out with accounts and heading this list is the request, "To Assist Us in Obtaining the Best Results, Please Furnish Information on Each Account as Completely as Possible." To whom is this information of more value than to *your own* Collection Department? Get the information complete—then it may be used at a later date to assist in the collection of the account.

We have a Partial Community Credit Policy in Detroit which works. We use a uniform application blank furnished by the Merchants Credit Bureau and we carefully get the information it asks for. There is no time during the life of a charge account or contract account when that information can be obtained with less effort or when terms can be explained better than at the time the application is first made.

At Crowley, Milner & Company, we are not afraid to ask for payment on past due accounts. We believe that first, we should explain our terms carefully when the account is opened—second, keep our customers ever conscious of the fact that our terms are thirty days—and third, follow closely and insist on the payment of delinquent accounts.

The rapid liquidation of delinquent accounts means that these same accounts can buy again at an early date and because of this, increase our volume of charge business. We begin our collection effort after an account is forty days delinquent by a series of progressive impersonal notices drawing attention to our terms and to the condition of the account.

When an account becomes six months past due, it is transferred to what we term Suspense and at that time we have a definite understanding with the debtor as to how the balance is going to be paid and then use every effort to enforce the collection of the account, if he does not cooperate.

The depression taught us a number of valuable lessons and out of it grew a new Application Blank. As I said before, we have a Partial Community Credit Policy which calls for a carrying charge of  $\frac{1}{2}$  of 1 per cent per

month on delinquent accounts and our application blank now has this clause embodied in it. Whenever a Suspense Account is reopened, the customer must sign a new application *and this clause is brought to his attention*. I know it is an aid to us in keeping the accounts on a paid-as-agreed basis.

There should be no doubt in our minds as to the justice of charging interest on past due accounts. At the time the merchandise was purchased the terms were well understood. If the debtor does not pay in accordance with these terms, he is borrowing money from us without our consent.

Oftentimes the customer who does pay as agreed has to borrow the money to do so. The customer who does not pay promptly is receiving his goods cheaper than the one who pays as agreed and the latter is at a disadvantage because a premium is placed on slowness. *In justice to all concerned, interest should be charged on past due accounts.*

When our stores in Detroit first got together and agreed that interest would be charged on all delinquent accounts, a notice was prepared by the merchants and all the names of different stores signing the agreement were listed. These notices were mailed out to all delinquent accounts.

We had an account in our collection ledger of an Italian gentleman who had apparently been doing his best for many months to pay a small balance of approximately \$40.00. He called at my office at regular intervals and each time with tears in his eyes told his story. He had a large family and was hardly making a living selling merchandise out of a market basket from house to house. In the due course of business, a notice that interest was going to be added was received by this Italian and the next day he burst into my office all out of breath, laid \$34.00 on the desk and said he would not pay interest on any account and that if we were going to charge him interest, he would pay his account in full!

I think this is an example, perhaps a little far-fetched, of what happens with some of our customers when they receive a notice that they have to pay interest on a delinquent account. In support of this I find that 13 out of every 100 customers pay in full when notified that their account has been transferred to the Collection Department and that we intend to add a carrying charge to the balance owing. Since our Michigan Banking Holiday, we have discontinued charging interest while an account is in our active ledgers even though we may have refused further charges until the account is paid.

We have been collecting carrying charges on Suspense Accounts for approximately three and one-half years with very little complaint and very few of the Detroit merchants will sell a customer who has refused to pay his carrying charge at another store.

Form letters play an important part in the collection of accounts and should have a personal appeal if they are

\*An address before the Fifth District Conference—Toledo, Ohio, February 17, 18, 1936.



to be successful. *Figure 1* shows a letter we use on accounts just before they are transferred to the Collection Department. We used to laugh at this letter but the response is almost beyond belief!

Last June I tried an experiment—I sent 216 letters to accounts with balances under \$10.00 and received payment in full on 92 accounts. (See *Figure 2*.)

These letters are not exceptionally good but are merely attempts to cash in on good will. The modern trend is cooperation not merely between the store and the customer but between the stores themselves. *While the merchandise departments of different stores are always on the alert to outdo each other, the credit departments work together to protect their owners against loss.*

We have a luncheon group in Detroit which meets each Wednesday noon and about twelve or fifteen stores are represented at these meetings. A list of accounts (which was turned in the week previous) is discussed. The value of this group is very real; we check overbuying and pyramiding, locate skips, get employment references, and so forth. The meetings are held at the Merchants Credit Bureau and we have access to their records.


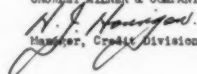


On the second Thursday of each month our Credit Men's Association has a meeting from 6:30 p.m. until 9:00 p.m. at which time we endeavor to bring in a speaker who can give us a different slant on our problems. I think these meetings really form the credit policy in Detroit because it is here we get together and talk with Jim, Tom and Joe, get properly acquainted, and discuss mutual problems.

During the depression we adopted a note system for deferred payment of delinquent charge accounts. Customers who were able to make regular monthly payments were asked to sign a note stipulating the amount owing, and promising a definite payment each week or every two weeks, depending on their pay day. This note was signed by husband and wife and removed a large number of accounts from our collection ledgers, so that the accounts which needed more attention were not confused with those who could make regular payments.

These note accounts had interest included in their face value and were set up in a separate control which paid out very satisfactorily. The note, being signed by both husband and wife, was a help in several instances in collecting the balance owing when the husband later went into bankruptcy or when domestic trouble developed. We had one suburban banker whose wife paid a balance of \$365.61 after he lost everything in the crash. This note was paid in full last week. One of our competitors sponsored the idea of these note accounts and I believe it is worthy of consideration in any store.

It has always been our thought that outside collectors or contact men should be used as the eyes of the credit department to report on living conditions and give us a picture of the home we are selling. We use these outside collectors as investigators and in many cases await their report before OK-ing the application for credit which the customer has given us.

During the depression, because of the natural increase in the delinquency of accounts, we found it necessary to temporarily increase this staff. For this purpose we

<div data-bbox="281 1060 607 1165" data-label="Section-Header"> <p align="center"> <b>CROWLEY, MILNER &amp; Co.</b> DETROIT, MICHIGAN</p> </div> <div data-bbox="462 1230 492 1259" data-label="Text"> <p align="center">①</p> </div> <div data-bbox="275 1314 443 1359" data-label="Text"> <p>Mr. A. Debtor 170 S. E. Eighth Street Detroit, Michigan</p> </div> <div data-bbox="275 1369 394 1387" data-label="Text"> <p>Dear Mr. Debtor:</p> </div> <div data-bbox="275 1398 633 1500" data-label="Text"> <p>Here we are, you and I, doing business together on a friendly basis, and I dislike to see <u>your</u> account pass into the hands of the Collection Department. You understand, of course, that after an account becomes a certain age it is taken out of my hands entirely unless I can show some definite payment arrangement.</p> </div> <div data-bbox="275 1508 633 1596" data-label="Text"> <p>If you will follow my suggestion, perhaps I can be of some assistance to you. Come in to see me within the next week. We can discuss your account and if there is anything at all that we can do for you, you may rely on my cooperation in your interests.</p> </div> <div data-bbox="446 1606 570 1624" data-label="Text"> <p>Very truly yours,</p> </div> <div data-bbox="446 1633 621 1651" data-label="Text"> <p>CROWLEY MILNER &amp; COMPANY</p> </div> <div data-bbox="424 1651 662 1723" data-label="Text"> <p> Manager, Credit Division A - D</p> </div> <div data-bbox="281 1676 378 1694" data-label="Text"> <p>NJH:hourigan/MA</p> </div>	<div data-bbox="824 1060 1150 1165" data-label="Section-Header"> <p align="center"> <b>CROWLEY, MILNER &amp; Co.</b> DETROIT, MICHIGAN</p> </div> <div data-bbox="1014 1230 1044 1259" data-label="Text"> <p align="center">②</p> </div> <div data-bbox="798 1322 967 1369" data-label="Text"> <p>Mr. A. Debtor 170 S. E. Eighth Street Detroit, Michigan</p> </div> <div data-bbox="798 1379 917 1398" data-label="Text"> <p>Dear Mr. Debtor:</p> </div> <div data-bbox="798 1406 1176 1451" data-label="Text"> <p>Just now I am principally interested in two things -- your credit record, and my own record as a Collection Man.</p> </div> <div data-bbox="798 1463 1153 1524" data-label="Text"> <p>Our Auditors have requested that we liquidate all small accounts under ten dollars by June 10. Will you assist me in doing my part by sending in the amount on the enclosed statement?</p> </div> <div data-bbox="798 1533 1076 1553" data-label="Text"> <p>I will greatly appreciate your efforts.</p> </div> <div data-bbox="976 1563 1103 1582" data-label="Text"> <p>Very truly yours,</p> </div> <div data-bbox="976 1590 1153 1649" data-label="Text"> <p>CROWLEY MILNER &amp; COMPANY  Collection Manager</p> </div> <div data-bbox="798 1629 875 1647" data-label="Text"> <p>H:Harold/MA</p> </div>
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picked men who had not had previous collection experience because we did not want to destroy in any way the good will which our Credit Department had spent many years in building. At the same time we did not believe that we could afford in all instances to wait until that happy day when all customers would walk in and pay their bills in full.

The purpose of these men was to make such calls as we felt were necessary in order to keep our accounts in as satisfactorily a condition as possible. Their calls were very greatly of a good will nature but at the same time helped to verify in our minds the fact that there was no immediate opportunity of receiving payment from that particular customer. This friendly attitude in the customer's home enabled them to obtain information of a more or less personal nature, such as number of dependents, names and ages of any children in the family and the schools they attended, so that should the customer become a temporary skip, we would have some means of checking them through the school records for the new address.

These men called on all types of our accounts, and the information that they turned in to us very greatly simplified the work of our Collection Department.

On the strength of their outside observations of conditions in the home, occasionally we had the customer sign an *Acknowledgment of Indebtedness*, after we had verified the information and satisfied ourselves that this account was almost certain to be a future P & L. This *Acknowledgment of Indebtedness* was signed by the husband and wife, admitting the balance owing and in consideration of an extension of sixty days' additional time on the amount owing expressly waiving the statute of limitations.

These acknowledgments of indebtedness were an outgrowth of the original note system and were introduced by the originator of that idea. We did not use them extensively but have reason to be satisfied with the ones we did accept because they have been (and still are) the means of collecting quite a few P & L accounts because the customer was not in a position to deny the debt.

We have always tried to encourage our customers to come in to see us when they are in difficulty with their accounts. We feel that a friendly conversation can generally adjust affairs to our mutual advantage. There have been innumerable instances where we have been able to work out a budget plan for our customer so that all his creditors will receive their fair share of his payment and so that no one will receive all while others receive none. We have a very satisfactory arrangement along these lines through our Merchants Credit Bureau and even today we are still receiving checks from them on some of these accounts.

For the past several years our Collection Department has kept a record of all our contacts made with the different employment and welfare people in Detroit. We have a record of the employment manager of nearly every factory in greater Detroit, also the credit managers of the banks, heads of the city departments, etc. It is our idea that by keeping these names filed alphabetically we can call these people and ask for their assistance if necessary.

The banks give us the same kind of cooperation in the clearing of checks, and two of these banks furnish us with

a code word so that we can ascertain whether or not a check is good over the telephone. This has a very good effect on our "bad check" loss and we are able to determine whether or not a check is good within a very short time while the customer is waiting. We never take advantage of this cooperation by getting a clearance on a check and then garnisheeing on the strength of the information that was given us in confidence, and the banks know this.

The list of names of department managers for the city was furnished us through the City Hall and has proved of great value in making the debtor realize that we know where he is working and that his employer knows that he has an account with us which is delinquent, and that unless he does make an arrangement which is satisfactory for the settlement of his account, the city might feel that he is an unsatisfactory employee.

Occasionally we have a customer who moves to a foreign country and we have received considerable aid and cooperation from the United States Consulate Service in locating the debtor and placing the account with the proper agency for collection. They even locate skips in Russia which is another story and we hope some day to be able to collect there.

Bankruptcy in the past few years has become a serious problem which credit men cannot help but recognize. We must insist that debtors who resort to the bankruptcy courts pay their merchandise accounts before they receive any future credit. There is no reason why any person should expect or receive credit, who still has outstanding obligations for the necessities of life, and only by the cooperation of all merchants in refusing credit to these people can we hope to keep our losses at a minimum. In the old days of Henry VIII, the failure of the debtor to pay his debts was treated as a breach of the peace because it was an indirect attack on the revenues of the king, since the barons, who were most often the creditors, could not discharge their obligations to the king.

Today the situation still exists, and if we allow fraud and irresponsibility to creep into our accounts receivable, we may reach the point where profit vanishes. As collection men and women we should not only protect our owners against loss on each individual case, but by insisting on the clearing up of these unpaid moral obligations, protect our worthy customers so they will not eventually have to foot the bill of the irresponsible debtor.

During the depression or because of the depression the old idea that the collection manager was a person to be feared by the customer has been replaced by the thought that he is merely an agent or go-between between the debtor and the creditor who is trying to assist both parties to come to some common understanding for the liquidation of the past due account.

The old resistance that we used to encounter in obtaining the complete story from our debtors has been dissipated, and today the main problem we have is to judge whether or not we are getting the truth and to work out some common ground for settlement of the account. It is not until after all other efforts have been exhausted that we resort to legal action but once we are forced to threaten this action, we do not hesitate to carry on if a customer does not do his part.

# Your Guide to Better Handling of Credit Accounts

## Retail Credit Bureau System

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Used from  
coast to coast  
by progressive  
stores and  
bureaus

Since January 1, 1929, when we installed our first Credit Bureau system, Telautographs have steadily attracted new users among department stores and credit bureaus to handle their credit accounts, until today we are serving a total of 186 stores and bureaus.

Prior to installing the Telautograph, all of them were satisfied that their own credit reporting system was the most efficient method. However, since the institution of the Telautograph, they have changed their minds and now are pleased with its greater speed and efficiency, by means of which they not only are protected against unnecessary losses but can serve their customers better—at a lower operating cost.

The elimination of errors, instantaneous transmission of comprehensive reports in the indelible handwriting of sender, prompter deliveries of goods and a 50% reduction in clerical expense as well as protection against the dishonest, are some of the advantages which the Telautograph offers.

Telautographs have solved credit problems for department stores and bureaus similar to your own, and only recently, another store, the Central Finance Company, contracted for a connection to the Retailers Credit Bureau of New Orleans, La. Why not let us show you what Telautographs can do for you?

**45 BRANCH OFFICES ARE AT YOUR SERVICE!!**

*Send for Our Man Now!! No Obligation—of Course*

## TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES:

16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

APRIL, 1936

9

# February Trends--A Fast-Reading Review

...A nation-wide cross section of facts and opinions on retail collections and credit sales for February, 1936, as compared with February, 1935, compiled by Research Division--National Retail Credit Association...

**C**OLD weather continued to retard collections and credit sales in many cities throughout the United States during February, while an increase in employment and the fact that February had one more business day this year than last stimulated credit sales and collections in other cities.

## High-Lights for February

90 Cities reporting.  
22,212 Retail stores represented.

### COLLECTIONS

66 Cities reported increases.  
4.5% Was the average increase for all cities.  
67.0% Was the greatest increase (Centralia, Wash.).  
3 Cities reported no change.  
21 Cities reported decreases.  
20.0% Was the greatest decrease (Columbus, Neb., and Huron, S. D.).

### CREDIT SALES

59 Cities reported increases.  
7.4% Was the average increase for all cities.  
50.0% Was the greatest increase (Fort Lauderdale, Fla.).  
7 Cities reported no change.  
24 Cities reported decreases.  
25.0% Was the greatest decrease (Columbus, Neb., and Burley, Ida.).

*Augusta, Me.*, reported a decrease in collections and credit sales due to lower wages and rising prices, as well as a feeling of insecurity. Cold weather retarded collections and credit sales in *Worcester, Mass.* Collections decreased 10 per cent in *Manchester, N. H.*, due to unemployment and severe weather conditions.

*Rochester, N. Y.*, reported collections and credit sales good due to better industrial conditions. Although the roads leading into *Syracuse, N. Y.*, were snowbound during the entire month, that city reported a 3.0 per cent increase in collections, and credit sales as "Fair." Cold weather and local gas trouble, which closed the business section for two days, retarded collections and credit sales in *Utica, N. Y.*

*Pittsburgh, Pa.*, reported a slight increase in collections and credit sales due to a general improvement in local industries. Collections and credit sales were unchanged in *Uniontown, Pa.*, due to cold weather and blizzards.

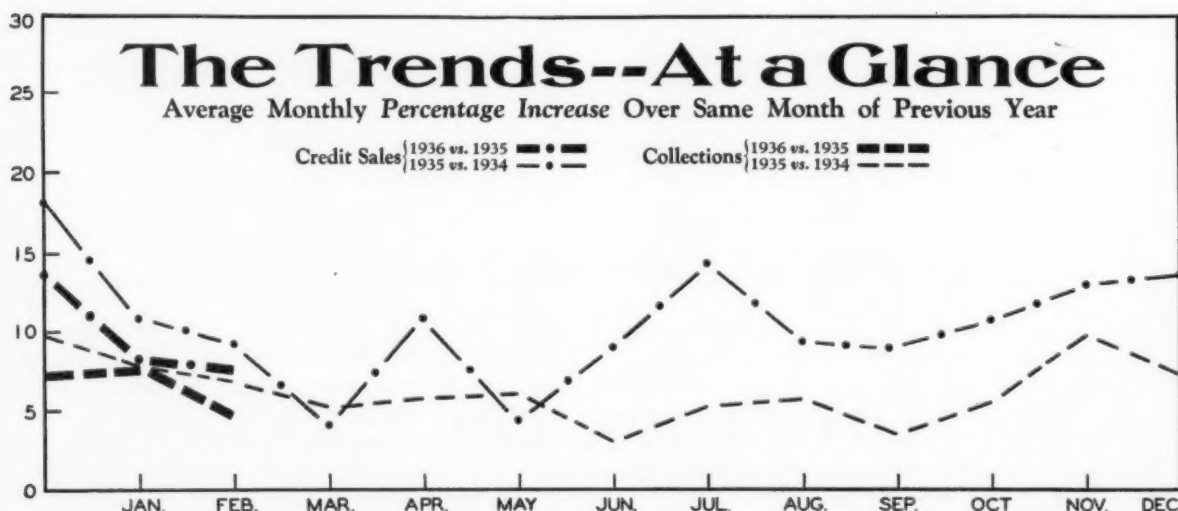
*Clarksburg, W. Va.*, reported a decrease in collections and credit sales; however, the outlook for the future is favorable due to the settlement of several strikes and the resumption of work in a tin mill which had been closed down for some time. Retail business is still booming in *Fort Lauderdale, Fla.* However, extremely bad weather in *Jacksonville, Fla.*, affected credit sales in all lines.

Collections improved in *Joplin, Mo.*, due to an improvement in the zinc and lead markets as well as activity on WPA projects. *St. Louis, Mo.*, reported that in spite of inclement weather, collections and credit sales continued to increase.

Collections in *Illinois, Indiana, Michigan, Ohio* and *Wisconsin* ranged from a decrease of 17.5 per cent in *Oshkosh, Wis.*, to an increase of 14.7 per cent in *Detroit, Mich.* Severe subzero weather accounted for the falling off of collections. Credit sales were fair to good. *Effingham, Ill.*, reported a decrease of 10 per cent in collections due to the payment of annual taxes.

Collections and credit sales in *Iowa, Nebraska* and *South Dakota* were also retarded because of bad weather. However, *Council Bluffs, Ia.*, reported a 7 per cent increase in collections due to increased employment and an intensive "Pay Promptly" advertising campaign.

Credit sales and collections continue to increase in





New Mexico, Oklahoma, and Texas. Borger, Tex., reports a 30.7 per cent increase in credit sales due to increased employment in the oil fields. Several new carbon plants are under construction.

Continued six-days-a-week operations in 35 coal mines resulted in a 10.5 per cent increase in collections in Canon City, Colo. Collections increased 25 per cent in Cheyenne, Wyo., due to pay roll advances by the railroads. (All employees drew six weeks' pay in February because of the installation of a different pay roll accounting system to conform to the Railroad Security Act.)

Heavy snow retarded collections and credit sales in Idaho, Lewiston reporting the coldest weather in 36 years. Collections increased 40 per cent in Aberdeen, Wash., due to an increase in mill and waterfront employment.

Collections and credit sales were fair to good in California. San Diego, Calif., reported an increase of 12 per

cent in collections, which was attributed to the opening of the Exposition and an increase in employment.

Cold weather also retarded collections and credit sales in Canada. Heavy snows blocked the highways and some of the towns were cut off for as much as a week at a time.

### National Finance Committee Meets

The National Finance Committee met in Saint Louis, Sunday, March 8, and spent the day at the National Office. Present were J. G. Ost, Chairman, and H. J. Burris. Arthur J. Kramer of New York City, the other member, was unable to attend. Also present were President Driver, National Director Horner, and Secretary Hert.

"It is a pleasure," Chairman Ost wrote the Board of Directors, "to report that the Association is in excellent financial condition and the Accounts Receivable in better shape than a year ago."

## Comparative Reports--By Cities--February, 1936, vs. February, 1935

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Slow	-12.5	Slow	- 5.0
Worcester, Mass.	Slow	- ...	Slow	- ...
Manchester, N. H.	Slow	-10.0	Slow	- 5.0
Pawtucket, R. I.	Good	+ 5.1	Fair	+13.3
Providence, R. I.	Good	+ 1.8	Fair	+15.0
Average	Slow	- 5.8	Slow	+ 1.1
2. New York, N. Y.	Good	+ 2.2	Good	+ ...
Rochester, N. Y.	Good	+ 4.7	Good	+ 3.0
Schenectady, N. Y.	Good	+ 3.3	Good	+10.7
Syracuse, N. Y.	Good	+ 3.0	Fair	No chg.
Utica, N. Y.	Slow	No chg.	Slow	No chg.
Erie, Pa.	Good	+ 1.5	Good	+12.1
Pittsburgh, Pa.	Good	+ 4.0	Good	+ 5.0
Reading, Pa.	Slow	- 5.0	Slow	- 5.0
Uniontown, Pa.	Fair	No chg.	Fair	No chg.
Average	Good	+ 1.5	Good	+ 3.2
3. Charlotte, N. C.	Good	+ 4.7	Good	+14.4
Charleston, W. Va.	Good	+ 3.0	Good	+24.0
Clarksburg, W. Va.	Fair	- 5.0	Slow	- 6.0
Average	Good	+ .9	Good	+10.8
4. Birmingham, Ala.	Good	+ 9.1	Good	+22.5
Fort Lauderdale, Fla.	Good	+25.0	Good	+50.0
Jacksonville, Fla.	Fair	+ 3.0	Slow	- 5.0
Orlando, Fla.	Fair	+10.0	Fair	+12.0
Charleston, S. C.	Fair	No chg.	Good	+10.0
Average	Good	+ 9.4	Good	+18.9
5. El Dorado, Ark.	Slow	-10.0	Fair	- ...
Fort Smith, Ark.	Good	+ 2.4	Good	No chg.
Clay Center, Kan.	Good	+ ...	Good	+ ...
El Dorado, Kan.	Fair	+ 5.0	Good	+ 4.0
Emporia, Kan.	Good	+ 7.0	Fair	+ 3.0
Fort Scott, Kan.	Fair	+ 5.0	Good	+14.0
Joplin, Mo.	Fair	+ 8.5	Fair	+ 6.5
St. Louis, Mo.	Good	+ 3.0	Good	+ 9.0
Jackson, Tenn.	Good	+25.0	Good	+10.0
Nashville, Tenn.	Fair	+ 1.9	Good	+23.5
Average	Good	+ 5.3	Good	+ 9.4
6. Decatur, Ill.	Good	+ 8.0	Good	+24.0
Effingham, Ill.	Fair	-10.0	Fair	+10.0
Joliet, Ill.	Good	+ 5.0	Good	+ 5.0
Peoria, Ill.	Fair	- .8	Fair	- ...
Evansville, Ind.	Good	+ 1.0	Good	+14.2
Bay City, Mich.	Fair	+ ...	Slow	- 1.0
Detroit, Mich.	Good	+14.7	Good	+ 8.5
Grand Rapids, Mich.	Fair	+ 6.0	Fair	+ 2.0
Kalamazoo, Mich.	Good	+ 8.0	Good	+10.0
Mount Clemens, Mich.	Fair	- 1.5	Fair	- 2.0
Port Huron, Mich.	Good	- 4.0	Slow	- 8.0
South Haven, Mich.	Fair	-17.0	Fair	+ ...
Cincinnati, Ohio	Good	+ 6.9	Good	+18.3
Dayton, Ohio	Good	+11.0	Good	+23.0
Toledo, Ohio	Good	+ 5.0	Good	+15.0
7. Cedar Rapids, Ia.	Good	+ 2.0	Good	+ 6.0
Council Bluffs, Ia.	Good	+ 7.0	Good	+20.0
Muscatine, Ia.	Fair	+ 5.0	Good	+15.0
Sioux City, Ia.	Fair	+ 2.0	Fair	+ 5.0
Waterloo, Ia.	Fair	- .1	Good	+15.6
St. Paul, Minn.	Fair	+ .1	Fair	+ ...
Columbus, Neb.	Slow	-20.0	Slow	-25.0
Lincoln, Neb.	Fair	- 1.3	Good	-19.9
Omaha, Neb.	Slow	+ 2.5	Slow	- 9.0
Huron, S. D.	Slow	-20.0	Slow	-10.0
Rapid City, S. D.	Fair	No chg.	Fair	No chg.
Average	Fair	- 2.1	Fair	- .2
8. Clovis, N. M.	Fair	+ ...	Good	+ ...
Hobart, Okla.	Fair	+23.0	Fair	+25.0
Tulsa, Okla.	Fair	+ 3.5	Good	+16.8
Amarillo, Tex.	Good	+14.3	Fair	+11.2
Austin, Tex.	Good	+ .8	Good	+ 8.9
Borger, Tex.	Good	+15.0	Good	+30.7
Breckenridge, Tex.	Fair	+ ...	Good	+ ...
Fort Worth, Tex.	Good	+ 7.3	Good	+31.5
Houston, Tex.	Good	+10.8	Good	+22.8
Pampa, Tex.	Good	+ 4.0	Good	+ 7.0
Average	Good	+ 9.8	Good	+19.2
9. Canon City, Colo.	Good	+10.5	Fair	No chg.
Denver, Colo.	Good	+ 3.4	Fair	- 2.5
Salt Lake City, Utah	Good	+ 3.7	Good	+10.4
Cheyenne, Wyo.	Good	+25.0	Fair	No chg.
Average	Good	+10.6	Fair	+ 1.9
10. Burley, Ida.	Good	+25.0	Slow	-25.0
Lewiston, Ida.	Slow	-10.0	Slow	- ...
Helena, Mont.	Slow	- ...	Slow	- ...
Salem, Ore.	Good	+ ...	Good	+ ...
Aberdeen, Wash.	Good	+40.0	Good	+30.0
Centralia, Wash.	Good	+67.0	Good	+ .1
Kelso, Wash.	Fair	+ 5.0	Good	+10.0
Olympia, Wash.	Fair	- ...	Good	- ...
Average	Good	+25.4	Fair	+ 3.8
11. San Diego, Calif.	Good	+12.0	Fair	+ 8.0
San Francisco and Oakland, Calif.	Good	+ 3.0	Good	+15.4
San Jose, Calif.	Good	+ 2.0	Good	+ 5.0
Santa Barbara, Calif.	Good	+ 2.0	Good	+ 7.0
Stockton, Calif.	Slow	- 1.0	Slow	- 2.0
Average	Good	+ 3.6	Good	+ 6.7
12. London, Ont.	Fair	- 5.0	Fair	- ...
Victoria, B. C.	Fair	+ 2.0	Fair	- 5.0
Average	Fair	- 1.5	Fair	- 2.5

# CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

WHILE it may seem unusual to discuss newspaper advertising in a page devoted to letter writing, we just couldn't resist a brief mention of a series of advertisements sent us by William E. Glass, Secretary of the Cottrell Clothing Co., Denver.

Unfortunately, we were unable to reproduce the "proofs" which were sent us but we give you below the text of one of the ads, all of which make a direct appeal for men's charge accounts:

"Open Your Account at the Man's Store," says the headline. "A charge account at the MAN'S store is a mark of prestige and a modern convenience which every business and professional man should enjoy." Then follow the store's slogan and signature.

Think of the effectiveness of such a series of ads "tied in" with a series of charge account invitation letters by the simple expedient of enclosing an ad proof with every letter!

## Letters That Prevent Disputes

Someone once said that "an account properly opened is half collected." And that statement is still beyond challenge—especially on contract accounts.

What credit or collection manager hasn't faced grief in trying to straighten out an account in which he is confronted with the customer's claim that the salesman who closed the deal had made promises (unwritten, of course) of special terms and conditions?

To prevent just such occurrences, Loren E. Gillhouse, Secretary of the Halbach-Schroeder Co., department store, Quincy, Ill., sends a letter (Figure 4) to each new contract purchaser which is in reality a written record and confirmation of the entire transaction.

With the letter an Allison coupon book is enclosed, providing a remittance coupon for each payment.

"We find this letter brings very good results," Mr. Gillhouse writes, "and while the letter is rather long we have found that in explaining the full details there is less chance for error."

"Also, a great many of these accounts avail themselves of the opportunity of paying out to avoid the carrying charge." (Note, in the second paragraph, the statement of the exact amount of discount allowed if the account is paid in 90 days.)

This type of letter is used by many public utilities to prevent disputes and eliminate the tendency to promise special terms or concessions which are not put into the record of the sale.

## A Questionnaire for Inactive Accounts

Figures 2 and 3 show a letter and an accompanying questionnaire which were used quite effectively by Sosnik's of Winston-Salem, N. C. This is a good letter which was given added effectiveness by the enclosure of the questionnaire—an incentive to action.

The questionnaire (Figure 3) deserves special study. Note that it not only provides spaces for the customer's statements on the service but also attempts to find out her buying preferences by departments. Note, too, the check-up on reader-interest in newspaper advertisements and the spaces for customer-suggestions.

## A "Card-Picture" of the Past Due Account

Figure 1 goes farther than the ordinary "past due" reminder card by showing the customer, at a glance, just how much of the account is past due and for how long. It has the effect of giving the delinquent customer a quick visualization—a "figure-picture," if you please, of the past due condition of his account.

## A Different Good Will Letter

During the past few months, this department has reproduced many letters used during the holiday season to express appreciation to prompt pay customers. Naturally, these letters were phrased in language appropriate to the holiday season.

Here's a letter (Figure 5) which is adaptable to any season, which lends itself to use the whole year around. E. F. Pettus, Credit Manager of J. L. Brandeis & Sons, states it is the most effective "good will" letter he has ever used—that customers sent letters and telephone calls of appreciation and even mentioned the letter to salespeople when making purchases!

### Ted Robertson Hert

Ted Robertson Hert, infant son of Mr. and Mrs. Arthur H. Hert, died at Saint John's Hospital, Saint Louis, Friday, March 27, following a three-week illness.

With the full realization that words are futile and inadequate in a moment like this, we of the National Office join their many friends throughout the nation in offering the grief-stricken parents our deepest sympathy.

**HERE IS A RECORD OF YOUR ACCOUNT**  
 AS IT APPEARS ON OUR BOOKS DO YOUR  
 FIGURES CORRESPOND WITH OURS? PLEASE LET US  
 KNOW AT ONCE MAY WE EXPECT YOUR CHECK IF  
 THESE AMOUNTS ARE CORRECT?

DATE: \_\_\_\_\_

TOTAL AMOUNT NOW OWING	CURRENT	LESS THAN 30 DAYS PAST DUE	30 TO 60 DAYS PAST DUE	60 TO 90 DAYS PAST DUE	OVER 90 DAYS PAST DUE

CORDIALLY YOURS

**RUDE AUTO COMPANY**  
 211-N - ONE AVE., CEDAR RAPIDS, IOWA



**Halbach-Schneider Co.**  
 Quincy's Greatest Department Store  
**QUINCY, ILLINOIS**

**SOSNIK'S**  
 NEXT FOURTH AT BRIDGE  
 WINSTON-SALEM, N.C.

②

November 23, 1935

My dear Miss \_\_\_\_\_:

We have missed your name on our books this Fall and are very much concerned about its absence.

If the cause for your not having used your account recently is any fault of ours, won't you give us the opportunity of making amends by either coming in to tell us about it personally, or answering the enclosed questionnaire.

It is always a pleasure to serve you and we are looking forward to a visit from you soon.

Sincerely yours,  
*Morris Sosnik*  
 Morris Sosnik.

MS-bb

We appreciate very much the sale of a Frigidaire made you recently by our Mr. Neal and trust that it will give complete satisfaction.

According to our records the terms of this sale are as follows: the price is \$179.60, plus the club fee of \$20.78, and the Illinois Occupational Tax of \$3.59, making a total of \$203.97 less the down payment of \$10.00 leaving a balance of \$193.97 payable in 24 equal consecutive monthly installments of \$8.00 each with the exception of the last installment which will be \$9.97, each payment due on the 20th day of each month. A discount of \$20.78 will be allowed if paid in 90 days.

For your convenience in making these payments we are inclosing herewith a coupon book containing a coupon for each monthly payment. We are asking that you kindly bring in this book at the time of making payments if you make them in person, or if you will fill out one of the coupons and include it with your remittance if made by mail.

If this is not in accordance with your understanding of the sale or if there is anything regarding the coupon book kindly phone us at once so there will be no future misunderstanding in the matter as we will mail no further statements unless a payment is missed.

Yours very truly,  
**HALBACH-SCHNEIDER COMPANY.**  
*L. E. Schindler*

**J. L. BRANDEIS & SONS**

PARIS OFFICE: 1, RUE ARMAND THOMAS  
 NEW YORK OFFICE: 128 WEST 57th ST.

CHICAGO

January 9, 1936.

③  
**QUESTIONNAIRE**

- Have you ever made a purchase in our Store which was not entirely satisfactory? .....
- Have you always been shown courteous and efficient service when shopping with us? .....
- Please check the departments in SOSNIK'S which serve you most satisfactorily.  
☐ Lingerie    ☐ Hose    ☐ Young Modern's  
☐ Bags    ☐ Shoes    ☐ Tots and Teens  
☐ Millinery    ☐ Ready-To-Wear    ☐ Beauty Salon  
☐ Gloves
- Do you read our newspaper advertisements?  
 Yes ( ) No ( )
- Do you have any suggestions to offer which would help us serve you more successfully?  
 .....  
 .....

SIGNED: .....

Answers to the above will be kept strictly confidential, as the enclosed envelope will bring this card to Mr. Sosnik's attention only.

Has it ever occurred to you that a credit manager's chief joy in life is to contemplate the long list of people who settle their obligations promptly?

I have thought about this quite a bit recently and it seems to me that those who pay their bills "on the dot" should have a word of commendation now and then. I am just as grateful for your patronage as everyone else in this organization--from Mr. Brandeis down--and I want to let you know that I appreciate your prompt attention to your bills.

Contrary to what I believe to be the usual idea of a Credit Manager's duties--to keep after the "slow payer"---I conceive it MY duty to see that the "prompt payers" are given every possible consideration to their charge needs.

Accordingly, I will consider it a personal favor if you will let me know if we fail in any way to have us do. You are entitled to our very best service and I want to be sure that you receive it.

Cordially yours,  
**J. L. BRANDEIS & SONS**

By \_\_\_\_\_  
 Credit Manager.

# A Lesson in Group Action

**D**R. WILLIAM HOLMES MCGUFFEY, an outstanding educator of the nineteenth century, long will be remembered for his contribution as a teacher and especially as an author of a series of public school readers. The story of "Seven Sticks," as told in one of his readers, may be apropos. A man had seven sons, according to the story, who were always quarreling. They left their studies and work to quarrel among themselves.

The good old man one day, so the story goes, called his sons around him. He laid before him seven sticks which were bound together and offered to pay \$100.00 to the one who could break the bundle. According to McGuffey, each son strained every nerve to break it. After a long and vain trial they all said it could not be done.

"And yet, my boys," said the father, "nothing is easier to do." He then untied the bundle, so the story goes, and broke the sticks one by one with perfect ease. "Ah!" said the sons, "It is easy enough to do it so. Anybody could do it that way." Their father replied: "As it is with these sticks, so it is with you, my sons. So long as you hold fast together you will prosper and none can injure you."

*And so it is in credit granting. If creditors are to keep their credit losses at a minimum and maintain credit control it will be accomplished only by united and cooperative effort.*

With this thought in mind the petroleum credit managers in Cleveland, Ohio, decided about three years ago to bind themselves together into a group in order that some of the credit practices of their trade might be eliminated and losses reduced.

The Credit Bureau, in conference with representatives of the petroleum industry, called a meeting of credit managers representing the major oil companies. At this meeting it was the unanimous opinion that a credit group should be formed and sponsored by The Cleveland Retail Credit Men's Company.

L. R. Johnson, Credit Manager of The Allied Oil Company, was chosen Chairman and under his leadership during the first year much progress was accomplished in the way of cooperation and united effort. He was followed by John C. Weidman, Credit Manager of The Sun Oil Company, who carried on the good work of his predecessor with new enthusiasm and was responsible for introducing several new ideas of credit cooperation that have meant much to the success of the Petroleum Group.

At the close of Mr. Weidman's term, Frank J. Hayes, Credit Manager of The Shell Petroleum Corporation, took over the reins and during the past ten months has given much constructive thought and time, leading the group on to new heights of cooperative effort never before obtained by the Petroleum Credit Managers of Cleveland.

The program that the group has been pursuing is outlined briefly as follows:

1. To assemble into one master file (in the Credit Bureau) all pertinent information concerning the credit standing of past and present credit customers.
2. To disseminate this fund of information to members, upon request, for their guidance in future dealings.
3. To study the problems of the industry with a view of their solution in order that the various companies might increase the effectiveness of their work.
4. To develop a more friendly relationship among the credit men in the industry.
5. In opening new accounts to clear with last supplier to determine if there is an unpaid past-due balance.
6. To centralize all such clearances with The Cleveland Retail Credit Men's Company.
7. In checking with last supplier the credit bureau secures the amount of past-due balance, date of last sale, most recent high credit and any other pertinent facts obtainable.
8. On all accounts where no sale has been made for a period of 120 days or longer, seller must secure name of last supplier through Sales Department and clear through Credit Bureau.
9. Where last supplier is unknown a complete clearance with all members of the Cleveland Group is to be made by Credit Bureau.
10. In opening new accounts a complete check-up is advisable to determine financial responsibility, character, ability and pay record, such as is covered in the Bureau's standard Special Report.

Some of the reasons which led the Petroleum Credit Managers of Cleveland to select the Cleveland Retail Credit Men's Company to handle their credit problems were set forth in a communication to the members by its chairman on January 24, 1934, which said in part:

1. The Credit Bureau is affiliated with some eighty-eight other credit bureaus located in Ohio, covering practically every oil and gas company in the State.
2. Over 1,200 credit bureaus in the United States and Canada are affiliated with the local credit bureau, making it fairly easy to check with last supplier regardless of location.
3. The Credit Bureau is in a position to secure credit information by telephone or telegraph on "Rush" orders because of its large coverage through credit bureau affiliations.
4. It offers its services on a reasonable basis.

After three years of operation the interest on the part of members is as high as at any time since its organization. In fact, the attendance at last January's meeting was larger than at any meeting during the year 1935.

Checking with the last supplier as indicated in the above program has been one of the most helpful features of the group's activity. Of course, the centralizing of



Frank J. Hayes

Credit Manager, Shell Petroleum Corporation, Cleveland; Chairman, Cleveland Petroleum Credit Group; Secretary-Treasurer, Ohio Petroleum Credit Assn.



credit information into one file has eliminated some of the poor payers who had been going from one company to another as soon as credit accommodations were discontinued, resulting in considerable savings to all member firms.

The credit managers of this industry, according to Chairman Hayes, were so enthusiastic about the benefits derived from their local group activities that last May a State Group was formed for the purpose of obtaining greater credit control and the further elimination of credit losses.

The membership of the State Group contains practically all of the major oil companies of Ohio. Members are, for the most part, enthusiastic about its services because it is helping them to eliminate, at the very beginning, those who go from one market to another with little or no intention of meeting their obligations.

*As the seven sons were unable to break the seven sticks when bound together, so it is with the problems of credit. While credit managers stick together and work together the fly-by-night operators find it practically impossible to stay in business.*

Dale Cox in his column, "The Byproduct," in the *Cleveland Plain Dealer* dated April 8, 1935, had this to say of The Cleveland Petroleum Credit Group:

For years the wise granting of credit to customers has been one of the most difficult problems of the petroleum industry. Competition in the industry has been so intense that it proved a soft spot for the deadbeats. A small-time gasoline operator could stay in business for years and never pay his bills, simply by abusing alternately the credit of different companies from whom he bought his products.

But that situation is fast changing, and is one of the reasons for the improved situation in the industry. Oil companies operating in Cleveland for several years have had a petroleum credit group operating under the Retail Credit Men's Association. Credit losses here, therefore, have been very small.

Now the Cleveland petroleum credit group has worked out a plan to extend its credit system to all the cities of the state, so that there may be a mutual exchange of credit information between cities. When the plan is made statewide it will be impossible for fly-by-night operators to remain in business by moving from one section of the state to another.

## MECHANIZED FILING

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THE MECHANIZED FILE

THE GENERAL FIREPROOFING CO.  
Youngstown, Ohio

## Stickers for "Inactive" Accounts

Use on "blank" statements each month --  
or as a series -- one each month

**We Missed You  
Last Month!**

Anything wrong? If  
so, please give us a  
chance to correct it.

**We Value  
Your Patronage!**

© 1934, N. R. C. A.

**Your Account  
Is Balanced!**

This is just a re-  
minder that we  
missed you last  
month.

**Use Your  
Charge Account!**

© 1934, N. R. C. A.

**You Don't Owe  
Us a Cent!**

Yes! We've noticed  
it and we hope you  
will use your charge  
account this month.

**Your Patronage  
Is Appreciated!**

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in one color. Price, \$2.00 per 1,000

National Retail Credit Association  
1218 Olive Street St. Louis, Mo.

# Comparative Collection Percentages

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY S					
	1936			1935			1936			1935			1936			1935			1936			1935			1936	1935				
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.			
1 Boston, Mass. Providence, R. I. Lynn, Mass. Springfield, Mass. Worcester, Mass.	48.0	66.5	40.5	45.8	61.4	37.3	13.6	21.4	12.5	15.5	19.0	14.5	53.2	58.4	40.8	46.4	54.1	38.5	—	—	—	—	14.2	—	—	19.9	53.6	5.1		
	44.1	53.4	42.0	42.7	53.6	39.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
	46.5	52.0	41.2	36.4	47.0	35.1	—	—	—	—	—	—	—	—	—	—	—	—	10.5	13.9	8.6	10.8	14.2	7.7	—	—	—			
	51.3	58.3	46.5	47.9	53.7	44.5	18.4	26.5	10.0	18.8	26.1	13.7	54.1	56.0	51.3	50.5	53.0	48.5	—	—	—	—	—	—	—	—	—			
	43.7	48.3	42.5	39.4	45.8	37.8	23.4	24.4	16.1	19.1	21.3	16.4	38.1	48.0	24.7	33.6	44.0	20.8	—	—	—	—	—	—	—	—	—			
2 New York City Pittsburgh, Pa.* Syracuse, N. Y. Utica, N. Y.*	48.6	62.8	40.2	45.5	58.8	40.6	19.0	23.3	13.0	16.9	24.5	12.3	44.5	56.5	36.1	42.5	51.2	36.3	—	—	—	—	—	—	—	—	—	21.0	—	
	—	—	—	41.4	47.2	34.6	—	—	—	17.6	21.6	13.2	—	—	—	—	41.2	48.3	34.6	—	—	—	—	—	—	—	—	—	—	
	40.0	43.1	35.7	34.5	40.9	30.9	17.1	20.6	15.3	18.9	19.5	15.8	45.8	48.3	43.4	—	40.1	—	—	12.0	—	—	—	—	13.9	—	—	—		
	—	—	—	38.4	39.2	37.9	—	—	—	—	—	—	—	—	—	—	46.0	61.0	42.2	—	—	—	—	—	10.8	12.1	8.8	—	—	
3 Washington, D. C. Huntington, W. Va. Baltimore, Md.	39.6	49.3	32.1	36.8	48.1	30.7	12.3	13.2	10.8	11.7	12.5	10.4	—	—	—	—	39.6	—	—	—	—	—	—	—	—	—	—	—	—	
	54.7	59.7	49.7	48.6	50.4	46.7	15.6	23.5	7.8	—	9.7	—	—	—	—	—	—	—	—	10.9	—	—	—	9.0	—	—	—	—	—	
	39.9	45.9	33.4	39.1	44.9	29.7	14.3	23.1	6.1	13.6	22.7	7.2	36.1	39.0	30.9	38.5	41.3	32.6	—	—	—	—	—	—	—	—	—	—	—	
4 Birmingham, Ala. New Orleans, La.* Atlanta, Ga.	43.4	45.2	38.5	40.1	43.4	32.3	23.1	24.6	21.4	17.8	24.1	13.5	47.1	54.4	42.0	47.0	47.0	47.0	11.9	12.7	10.9	11.1	13.0	8.9	—	—	—	—	—	
	—	—	—	41.8	48.0	40.0	—	—	—	15.8	18.9	12.4	—	—	—	—	42.5	53.0	32.0	—	—	—	—	—	—	—	—	—	—	—
	39.3	40.1	38.5	36.9	37.3	36.6	14.7	16.8	12.7	14.8	16.9	12.8	36.5	37.0	36.0	36.6	37.2	36.0	11.8	12.1	11.6	10.7	11.6	9.8	—	—	—	—	—	
5 Kansas City, Mo. St. Louis, Mo. Little Rock, Ark.	59.4	76.5	46.5	61.7	76.2	49.4	—	—	—	—	33.5	—	53.2	62.4	46.7	48.1	66.5	38.0	—	9.2	—	—	—	8.8	—	—	—	—	—	
	50.7	57.6	46.7	49.1	54.5	44.2	21.8	27.2	17.0	21.1	27.4	17.6	42.4	49.7	34.1	39.8	46.0	34.4	—	17.9	—	—	—	18.0	—	—	—	—	—	
	38.4	39.7	32.8	36.2	40.9	31.6	12.8	13.5	12.2	11.8	12.9	10.8	—	—	—	—	—	—	9.6	10.2	9.0	10.1	10.8	9.4	—	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6 Cleveland, O. Cincinnati, O. Columbus, O. Toledo, O. Youngstown, O. Detroit, Mich. Grand Rapids, Mich. Milwaukee, Wis. Springfield, Ill.	44.4	51.3	43.1	41.9	50.7	38.2	17.9	30.9	13.3	15.7	23.5	13.7	38.8	41.9	37.5	38.4	40.0	34.7	11.7	13.9	9.3	9.6	10.0	8.9	—	—	—	—	—	
	47.4	52.0	42.5	45.4	48.2	41.8	19.4	31.5	14.5	16.7	36.1	11.9	50.6	66.0	43.7	48.0	60.1	40.0	—	—	—	—	—	—	—	—	—	—	—	
	46.0	52.6	44.5	46.0	50.0	43.3	14.6	16.1	13.2	13.5	13.7	13.2	47.0	53.9	41.6	48.5	53.5	41.9	16.1	35.5	13.2	13.7	36.0	13.2	—	—	—	—	—	
	41.4	48.8	39.6	39.1	46.9	37.6	17.5	18.6	17.0	16.2	20.5	14.4	48.0	49.2	33.3	44.7	47.2	30.5	13.5	17.7	9.0	12.3	16.3	8.3	—	—	—	—	—	
	43.8	43.9	43.7	41.7	42.5	40.9	16.3	17.9	14.6	16.7	19.1	14.2	47.8	64.8	30.8	43.7	60.0	27.4	19.3	26.3	15.1	14.9	24.5	10.4	—	—	—	—	—	
	54.0	63.2	40.1	52.6	62.1	40.8	24.2	25.8	21.8	23.0	27.4	16.7	52.2	57.5	47.2	51.0	55.6	44.3	—	—	—	—	—	—	—	—	—	—	—	
	40.4	41.7	38.5	36.7	38.6	35.3	—	—	—	—	—	—	45.1	58.9	37.0	42.1	52.0	32.0	13.1	16.1	7.7	11.5	16.0	7.4	—	—	—	—	—	
	52.5	54.2	39.7	44.8	50.9	39.3	20.3	23.1	17.2	18.6	20.3	18.5	—	50.6	—	—	44.7	—	9.5	11.0	7.9	9.5	10.7	8.3	—	—	—	—	—	
30.0	41.1	6.2	29.5	37.9	17.2	—	—	—	—	—	—	—	29.2	29.3	29.0	28.2	29.3	27.0	17.4	23.0	13.2	18.9	22.9	13.5	—	—	—	—	—	
7 Duluth, Minn. St. Paul, Minn. Minneapolis, Minn. Davenport, Ia. Cedar Rapids, Ia. Sioux City, Ia. Omaha, Neb. North Platte, Neb.*	38.0	42.0	34.0	42.6	49.0	36.2	—	24.8	—	20.7	26.9	15.5	—	37.0	—	40.0	69.8	34.4	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	52.3	56.0	48.0	—	—	—	—	—	—	—	38.6	43.6	30.0	40.2	45.8	34.0	—	—	—	—	—	—	—	—	—	—	—
	61.9	66.5	56.9	60.9	64.9	56.9	19.4	25.2	13.5	19.3	23.4	13.7	55.5	57.6	53.2	52.7	54.4	50.4	10.5	11.0	10.1	10.1	11.8	9.0	—	—	—	—	—	
	47.9	47.9	47.8	48.8	49.6	48.0	14.7	16.1	13.4	16.4	16.8	16.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	53.4	55.2	46.6	51.2	58.6	47.6	22.1	23.2	21.1	20.6	21.0	20.2	—	—	—	—	46.5	—	—	—	—	—	—	—	—	—	—	—	—	
	44.6	44.9	33.0	38.1	52.7	35.0	15.1	22.0	12.0	16.0	35.2	11.0	—	38.0	—	—	34.0	—	—	37.5	—	—	—	—	—	—	—	—	—	
	—	42.1	—	45.1	50.1	40.1	—	12.1	—	—	12.6	—	41.1	49.2	34.2	39.1	44.2	35.9	—	—	—	—	—	—	—	—	—	—	—	
	—	—	—	42.2	42.4	42.1	—	—	—	—	16.4	18.3	14.6	—	—	—	53.1	53.8	52.4	—	—	—	—	—	—	—	—	—	—	—
8 Tulsa, Okla. San Antonio, Tex.	60.8	62.3	54.0	57.7	61.3	55.0	15.6	16.7	14.5	14.9	15.0	14.8	—	49.2	—	45.6	50.5	42.9	—	—	—	—	—	—	—	—	—	—	—	—
	43.2	46.8	38.5	41.6	43.5	37.9	—	14.0	—	12.7	13.2	12.1	47.1	50.0	44.3	44.6	46.5	43.0	10.7	11.5	10.0	7.9	8.0	7.7	—	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Denver, Colo. Salt Lake City, Utah Casper, Wyo.	42.7	49.0	41.3	42.0	44.2	37.9	14.8	16.9	13.4	15.3	21.5	14.4	41.6	41.6	41.5	40.7	43.5	37.9	—	10.9	—	9.9	11.0	8.9	—	—	—	—	—	—
	52.8	61.4	49.3	49.1	56.7	46.2	21.6	25.3	16.2	15.1	22.4	12.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—	110.1	—	—	97.0	—	—	—	—	—	—	—	—	—	39.0	—	—	26.0	—	—	—	—	—	—	—	—	—	—	—	—
10 Portland, Ore. Spokane, Wash. Tacoma, Wash.*	39.2	77.0	34.1	35.1	36.6	34.9	14.8	18.1	11.7	15.7	16.7	10.3	38.6	43.0	37.1	42.0	42.8	33.7	—	—	—	—	—	—	—	—	—	—	—	—
	48.6	50.7	45.6	48.4	51.1	45.7	11.8	12.4	11.2	13.0	13.4	12.6	37.3	46.0	28.6	35.2	42.5	28.0	—	—	—	—	—	—						

RES.		JEWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS						
1934	1935	1934					1934			1935			1934			1935			1934			1935			1934			1935			
AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.		
59.9	53.6	55.1	58.3	52.0	—	55.2	—	—	51.9	—	—	59.4	—	—	54.3	—	—	—	70.0	—	71.0	79.0	63.1 <sup>1/2</sup>	69.1	77.0	61.3 <sup>1/2</sup>	—	—	—		
—	—	—	—	—	—	—	—	—	—	—	—	53.9	54.0	53.9	55.2	56.5	54.0	44.2	52.5	35.0	—	50.0	—	54.0	80.3 <sup>1/2</sup>	34.3 <sup>1/2</sup>	53.0	80.8 <sup>1/2</sup>	24.9 <sup>1/2</sup>		
2.7	—	—	10.8	—	—	82.6	—	—	71.0	—	—	60.6	61.3	60.0	49.9	53.6	46.2	63.2	82.9	43.5	—	70.4	—	54.5	84.0 <sup>1/2</sup>	36.9 <sup>1/2</sup>	52.0	76.0 <sup>1/2</sup>	34.2 <sup>1/2</sup>		
—	—	—	—	—	—	68.0	96.0	40.0	55.0	73.0	37.0	—	42.1	—	—	39.7	—	51.0	51.5	50.6	51.7	56.0	47.5	68.0	87.0 <sup>1/2</sup>	23.0 <sup>1/2</sup>	48.7	73.0 <sup>1/2</sup>	25.0 <sup>1/2</sup>		
3.0	21.0	—	32.0	—	—	46.0	60.9	42.0	45.0	55.0	40.8	54.5	56.5	36.6	58.8	59.1	58.5	64.2	70.0	58.4	64.1	69.0	59.2	61.5	74.0 <sup>1/2</sup>	50.0 <sup>1/2</sup>	49.8	75.0 <sup>1/2</sup>	45.0 <sup>1/2</sup>		
—	—	—	42.5	43.0	42.1	—	—	—	—	—	—	—	—	—	54.1	61.2	47.0	—	—	—	—	—	—	—	—	—	—	—	—	—	
9	—	—	—	—	—	46.3	58.6	34.0	41.7	52.5	31.0	—	—	—	—	—	—	46.3	59.2	33.4	—	54.0	—	—	46.9	72.0 <sup>1/2</sup>	31.0 <sup>1/2</sup>	49.7	63.0 <sup>1/2</sup>	38.8 <sup>1/2</sup>	
1.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	43.0	44.6	38.0	—	—	—	—	49.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	35.5	—	—	31.6	—	—	43.9	46.8	40.2	45.0	51.7	38.4	—	—	—	—	—	—	—	60.2	64.0 <sup>1/2</sup>	56.5 <sup>1/2</sup>	46.9	62.0 <sup>1/2</sup>	30.0 <sup>1/2</sup>	
0.9	—	—	21.2	—	—	42.9	47.7	37.0	41.1	44.6	38.0	—	—	—	—	—	—	64.3	80.0	56.0	54.0	66.0	42.0	—	—	—	—	—	—	—	—
6.8	—	—	—	—	—	—	—	—	37.2	42.4	32.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	24.4 <sup>1/2</sup>	—
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COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

11Bulw Supplies  
120m

<sup>13</sup>Grocery  
<sup>14</sup>Stationery, Office Supplies

<sup>15</sup>Florist  
<sup>16</sup>Hardware

<sup>17</sup>Music  
<sup>18</sup>Dairy

<sup>20</sup>Sports Wear

<sup>21</sup>Leather Goods  
<sup>23</sup>Household Equipment



# Determining the Amount of Credit To Be Extended to a Customer

By W. H. SMITH\*

Credit Manager, R. H. Muir, Inc., East Orange, N. J.

THE determining of the amount of credit to be extended to a customer is not an easy question to answer in any individual case of retail credit extension unless the store's credit manager has sufficient information concerning the customer to really decide intelligently. A little thought on this question reveals how really little we know, in many cases, about the applicant for a monthly charge account, or a deferred payment account, though his chances are better than ninety to one of having his application approved.

All of which leads me to wonder if perhaps some enterprising credit bureau manager had something to do with the framing of this question for discussion. Because, in the credit bureau lies the credit man's hope of obtaining the necessary facts to enable him to give an intelligent answer to this question *if he wants to do it*.

I say, if he wants to do it, because in actual practice many times the customer rather than the store determines the amount of credit that shall be extended to him—simply because his account is optimistically approved, in the absence of any definite information justifying a decline or positive limitation. The result in many of these cases is successful because, after all, most people are honest and reliable.

Unfortunately, however, in some cases, the result is loss to the store because not all people are capable of determining for themselves what liabilities they can safely obligate themselves to pay. Some are overoptimistic; some are pressed by necessity or seeming necessity to assume unsound obligations; some habitually "skate on such thin ice," so to speak, that slight unexpected events upset their whole equilibrium, to the discomfort of their creditors.

It is this latter group of customers, not at all dishonest, only unfortunate or careless, with which we are concerned in this discussion because they largely make up almost any store's list of P & L's and "very slow" ledgers. If we had known more about them when the original application was taken perhaps some of the losses and expenses in connection with their accounts might have been averted.

Some determinant factors follow:

## 1. Income and Estate

The applicant's income can be fairly accurately estimated from the nature of his employment in many instances; in others, the bureau can and does obtain the information. Some consideration may well be given also to the likelihood of permanence of income. (Is his business essentially speculative, for example?)

\*An Address before the Second District Conference, New York City, January 21, 1936.

## 2. Other Obligations of a Fixed Nature

Here again is where a good bureau comes in handy. Its files may contain very pertinent information relative to the applicant's other obligations, such as (for example) deferred payment accounts in other stores not mentioned in the application. A well-established finance company has made over fifty thousand loans in strict observance of this policy: *That no loan be approved where the applicant's rent, plus other fixed commitments, exceeds 35 per cent of income*. They assert that their experience has justified this policy.

## 3. Standard of Living

Judged by the residential neighborhood in which the applicant lives, the amount of rent he pays, or as the case may be, the value of his home if he owns it. And if he does own it, the extent of his mortgage payment obligations may be a significant point if they are too high in relation to his income and other fixed obligations.

## 4. General Reputation of Subject

The significant point here being how he takes care of other accounts—promptly or otherwise. Here the bureau's information is essential. Information from other merchants given as references is definitely inadequate, as is now generally recognized. The applicant's reputation as reported by friends and associates is usually valueless but occasionally may be informative.

## 5. Type of Merchandise Desired

If this factor is known in advance it should be a determinant. Certainly an applicant otherwise acceptable should be favorably considered for a relatively large amount of "asset" type of merchandise, such as furniture or house furnishings, especially if definite payment terms are arranged. It is quite possible that the same applicant should not be favorably considered for purchase of luxury merchandise such as expensive underwear or fine jewelry. In other words, there should be consideration given to *whether there is economic justification for the purchase* in the case under consideration.

These factors are by no means a complete list of considerations involved, but they are at least a few of the fundamental ones. They must, of course, always be considered each in relation to the others. No definite rules can be laid down as to how to apply them because every individual presents, to some extent at least, an individual problem.

Anyway, the problem is not so much how to apply the information once it is obtained, as it is how to obtain it, within the cost generally allowed for credit investigation. Perhaps larger amounts should be appropriated for this work. In all too many cases, even with the invaluable aid of the bureau, our information is too scanty or altogether lacking in some of the essential points.



However, assuming that complete information has been developed on the essential points, the credit manager's task becomes easier. He is now in a position to decide, intelligently, that the account shall be declined, opened on a restricted basis, or opened unrestricted. I should like, if I may, to discuss these three possible courses:

### 1. Declines

There are of course a few cases—a very small percentage probably—of outright declines because of definite positive derogatory information.

Next come declines of open monthly charge accounts for a lack of sufficient income or resources to make the probable risk profitable. Some stores (that I personally know of) have reduced this type of declines to practically nil, since the advent of the new type of account variously called "Letter of Credit," "Junior Charge" account, etc.

Under the conditions just mentioned this type of account is sold to the customer instead of an open monthly charge account. It is of course a strictly limited account and properly becomes a subject of this discussion.

It has sold for the stores promoting it thousands of dollars' worth of merchandise probably not salable on other credit terms, besides sparing those stores the enmity of the customers they might have otherwise had to turn down. Where this plan is used, especially if a book or letter is issued to the customer, and each purchase recorded therein as made, the control is very effective.

### 2. Restricted or Limited Accounts

The monthly charge account may also be opened with a limit, where such a course seems to be desirable. However, it seems to be generally agreed that the practice of limiting open accounts is of doubtful value, except as a guide—and in a very general sort of way—until the customer's purchase and payment habits become favorably established. Limits used in this way have to be, in practice, considered elastic and subject to revision, usually upward, but in some cases downward. This type of restriction becomes effective when the bookkeeper finds the customer has exceeded the limit indicated on the account.

The obvious weakness is of course that there is nothing to prevent the overbuying until it has been accomplished. Usually the customer is then contacted and terms of payment arranged or perhaps the limit revised, or else the credit manager has another unsatisfactory account on his hands.

The usual deferred payment account is a restricted type of account when opened for an exact predetermined amount and secured, as it usually is, by a conditional sales contract of some sort. This continues to be a highly profitable type of transaction to the store and permits sale of relatively large amounts of "asset" type merchandise to customers of relatively low income. The only apparent danger here is the tendency of competition to compel lower and lower down payment requirements and longer and longer terms of payment.

### 3. Unrestricted Monthly Charge Accounts

These are the ideal and much desired accounts—those on which investigation reveals such highly favorable facts that they are opened with no restriction and attention to them can be confined to the effort to increase their purchases. Here complete credit investigation is of great sales promotion value, and that is the field where the credit manager has or should have ambitions to make himself evident.

I have attempted this discussion in the most general terms, I realize. I do not see how it could be otherwise. After all, there is no formula for determining the amount of credit to be extended to anyone and the answer is really: *Complete, or as complete as possible, knowledge of the necessary fundamental facts, with the help of your credit bureau.* Intelligent analysis of that information should bring out the answer, reasonably correct.

### Credit Manager Wanted

Young man with experience in credits and collections to take charge of credit and collection department in mid-west manufacturing and retail fur concern. Some legal training preferred. State age, experience, qualifications, references, salary in first letter. Address Box 44, CREDIT WORLD.

### Many Local Associations Use the New "Gold" Membership Sign

Over 30 local associations have standardized on this new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging.

Prices. (To individual members): One, 15 cents; two, 25 cents; five, 50 cents. *Special prices to local associations in lots of 100 or more—with the name of the*



local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.



# The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

**W**E WOULD like to know," a member wrote recently, "what has been the experience of other local associations with 'open forum' meetings and whether they are considered of value or worth while."

Open Forum meetings are, in our opinion, extremely valuable in creating and sustaining interest in the meetings themselves as well as in credit work in general. The reasons for this are not hard to find. They give each member a chance to "have his say"—to express himself—on any subject under discussion.

Likewise, they give everyone a chance to ask questions, to find out more about the subject, and to clear up points that are not clearly explained. They create a universal interest, especially if they are conducted by an adroit chairman, who is clever enough to drag all of those present into the discussion. (Usually, once they get into the discussions, it's just as hard to get them away from them!)

Many cities have these "open forums" as regular weekly features. Detroit, for instance, has regular weekly meetings, mentioned by Mr. Morse in his article elsewhere in this issue. Kansas City has one (called "The Credit Clinic," by the way), which has discussed everything from the effects of strikes on retail credit to the soldiers' bonus. Nashville, Tenn., is another city having regular "Open Forum" meetings.

The New York City Association has probably conducted "Open Forums" more consistently and for a longer time than any other local so we asked A. B. Buckeridge, Executive Secretary, for his experience, which follows:

## Forum Meetings Go Over Big in New York City Association

Almost since the inception of the Associated Retail Credit Men of New York City, Inc., a large percentage of the meetings have been devoted to Open Forums.

Experience has taught us that they must be used as a balanced diet. Too many Forums cause a lack of interest. Too few cause the members to lose interest. At the present time we average about four a year.

It is difficult to secure speakers of reputation as well as interest. Consequently when you have a series of speakers and one or more are uninteresting the attendance drops. But switch to an Open Forum and immediately the attendance increases and often fills the dining room.

Conducting an Open Forum is not simply a job of assigning a number of subjects to a series of speakers. Our Educational Committee, which is headed by Mr. Joseph H. Zelch, Credit Manager of Gimbel Bros., and aided by Mr. Edgar I. Amthor, Credit Manager of Bamberger's (who usually serves as Quiz Master), devotes a great deal of time to arranging the program.

## Next Month's Problem:

"I am wondering," writes a department store member, "if you have compiled any figures regarding the outstanding balance on deferred payment sales as compared to open account outstandings. There must be a point where the relationship would be considered unsound." Members are invited to answer this, in time for the next issue.

First you must select subjects that the members are most interested in. Some of them are on topics of great age which have been on countless programs and others must reflect new problems caused by changing conditions. For example, at a recent meeting we had as one subject the question of participating in the sales under the Federal Housing Act and it was explained by the head of the Personal Loan department of a New York bank which handled a volume of the paper. The other subject was on the sale of "soft" merchandise on the budget plan.

After you have selected your subjects, you must then ask the credit manager who is most familiar with the topic not only to prepare a paper in advance *but to answer questions after his talk*. We keep minutes of all the questions and answers in order that they may be reprinted in our Bulletin for the benefit of those members who could not attend, for the assistants in the credit and collection departments, and to refresh the memory of those who did.

The Greater New York credit and collection managers are eager to keep abreast with changing conditions, with new systems, to study the procedure of stores which are successful. That's why they prefer and attend Open Forums.

*And that, probably, is the reason why New York has the largest Association in the National Retail Credit Association and the largest Credit Bureau in the world!*

—A. B. BUCKERIDGE.

# News of the District Conferences

ONLY one district conference (the Thirteenth) was held in March. Another—the Eleventh—will be held this month and four are scheduled for May. The report of the Thirteenth District Conference follows:

## Thirteenth District—at Chicago

The first annual Conference of the Thirteenth District (*Illinois, Indiana and Wisconsin*) was held at the Palmer House, Chicago, March 23 and 24. The program was exceptionally good, the addresses being interesting and instructive and every one in attendance voted the Conference a big success.

President Giles C. Driver and General Manager-Treasurer Lindley S. Crowder were both in attendance and delivered addresses.

Among the resolutions passed was one requesting that the Legislative Committee of the N. R. C. A. cooperate with the National Bankruptcy Conference for the purpose of including certain amendments to the pending bankruptcy bill to further safeguard retail credit granters, especially offering some protection against "load ups" immediately preceding a voluntary petition in bankruptcy.

New officers and directors are: President, A. C. Wehl, Gimbel Brothers, Milwaukee, Wis.; Vice-President, Robert O. Bonner, L. S. Ayres & Co., Indianapolis, Ind.; Secretary-Treasurer, Ford R. Larrabee, Ball Stores, Inc., Muncie, Ind.; National Director, Erwin Kant, Ed Schuster & Co., Inc., Milwaukee, Wis.; Alternate Director, John D. Kemper, Mandel Brothers, Chicago, Ill.

Directors: L. H. Bierman, B. F. Goodrich Co., Fort Wayne, Ind.; V. S. Bond, Harry S. Manchester, Inc., Madison, Wis.; Karl Haugan, Schlager Hardware Co., Appleton, Wis.; Dave Jordan, Jordan Furniture Co., Mount Vernon, Ill.; Wm. H. Springer, The Davis Store, Chicago, Ill.; Mrs. Verne Zimmerman, Ellsworth's, South Bend, Ind.

(Addresses from the Chicago Conference will appear in succeeding issues.)

## Coming Conferences

### Eleventh District—at San Francisco

The Second Annual Conference of the Eleventh District (*California, Arizona, Nevada, and Hawaii*) will be held at the Palace Hotel, San Francisco, April 17 and 18. An excellent program has been prepared and an attendance of from 400 to 500 is forecast by advance registrations. General Manager-Treasurer Crowder will attend.

Mrs. Betty Green of Hale Brothers, Inc., President of the Credit Women's Breakfast Club of San Francisco, sends this special invitation:

"We extend a cordial invitation to the delegates and their friends to attend our Breakfast Meeting, Saturday morning, April 18 (at 7:45 o'clock sharp), to be held in the Concert Room of the Palace Hotel, in San Francisco. We shall be glad to welcome them and it will be an opportune time for them to become acquainted with the trend of women's activities in the credit world."

H. Price Webb, L. Hart & Son Company, San Jose, Calif., is President, and Frank D. Francis, The Emporium, San Francisco, Secretary-Treasurer of the district. Frank Batty, Hale Brothers, Inc., San Francisco, is Chairman of the Program Committee and Charles J. Benson of the San Francisco Retailers Credit Association, Chairman of the Registration Committee.

### First District—at Springfield, Mass.

The First District (*Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and Quebec*) will hold its annual conference at the Kimball Hotel, Springfield, Mass., May 11 and 12. The Springfield Conference Committees have been working enthusiastically to make this an outstanding meeting. An excellent program has been prepared, including many "Open Forum" discussions as well as regular addresses. A special feature will be a contest exhibit of letters, office forms and credit information, awards being promised for the best exhibits.

J. C. Fuchs, Assistant Credit Manager, Forbes & Wallace, Inc., Springfield, Mass., is General Chairman.

### Other May Conferences

Four other May conferences are listed below. Details of these conferences, advance programs, etc., will appear in the May issue which will be in the hands of members in these districts before the conferences.

THIRD DISTRICT (*Florida, Georgia, North Carolina, and South Carolina*)—Chattanooga, Tenn., May 11, 12 and 13. (Joint meeting with Fourth District.)

FOURTH DISTRICT (*Alabama, Louisiana, Mississippi, Tennessee, and Kentucky*)—Hotel Patten, Chattanooga, Tenn., May 11, 12 and 13.

EIGHTH DISTRICT (*Texas*)—Blackstone Hotel, Fort Worth, Texas, May 18, 19 and 20.

TENTH DISTRICT (*Idaho, Montana, Oregon, Washington, Alaska, Alberta, British Columbia, and Saskatchewan*)—Empress Hotel, Victoria, B. C., May 17, 18 and 19.



Empress Hotel, Victoria, B. C.—Tenth District Conference Headquarters





# Carrying Charges-- A Year's Experience

By H. R. AMOS\*

Treasurer, Magee's, Incorporated, Lincoln, Neb.

THE primary purpose of the carrying charge (on past-due accounts) is to speed up collections and to equalize the difference in cost of collection between the prompt- and the slow-pay customer. It has developed, however, into a source of a considerable amount of revenue and in a way has really placed the credit office in the position of a producing department. It certainly has reduced the cost of operation or the cost of collection of accounts to a marked degree as the figures I shall give you later will show.

There is a store in Peoria, Illinois, that has been putting this charge on accounts for the past twenty-seven years. The city of Peoria has had a community credit policy for the last nine years. I believe they are the pioneers. At the present time there are at least twenty-four cities that have community credit policies in effect and are making a carrying charge on past-due accounts. They are situated in fifteen states as follows:

5 in Ohio	1 in Tennessee
1 in Georgia	1 in Utah
4 in West Virginia	1 in Indiana
1 in Alabama	1 in California
3 in Iowa	1 in New York
1 in Michigan	1 in Kansas
1 in Texas	1 in Nebraska
1 in Louisiana	1 City in Canada.

No doubt there are others that we have no record of. This list illustrates the growth of the *community credit policy* idea and shows how it is spreading.

The carrying charge is best worked out and most effective under a community credit policy. This idea has passed beyond the experimental stage and there is no doubt but that concerted action by credit granters in any city can put it over successfully. A community credit policy sets out definite policies and practices for credit granters to follow. From experience we know the truth of that old saying, "In union there is strength." We need this unified method of granting credit because we know that it will eliminate that bogey of the credit granter, "competition in credit terms."

The usual community credit policy sets out the following requirements and stipulations:

1. Classification of accounts into monthly charge accounts—payable by the tenth of the month following purchase—and deferred payment or contract accounts.
2. Obtaining a credit report on each applicant from the local bureau.
3. Informing the applicant as to terms under which the credit is granted.

\*An address before the Sixth District Conference, Des Moines, Iowa, January 13, 1936.

4. Definite date of closing each month's charge business.

5. Date carrying charge goes into effect; minimum charge; when account is considered past due; and the amount of the carrying charge. I find the amount of the charge varies from  $\frac{1}{2}$  of 1 per cent to 1 per cent per month. The minimum charge is usually five cents and in some instances there is no charge on any amount of five dollars or under. The time accounts are considered past due varies from thirty to ninety days.

6. Agreement to pay a carrying charge to be printed on application and signed by the applicant.

7. No advance dating or deferred billing on any sale beyond the day on which the merchandise is delivered.

8. No advertising or offering of longer monthly charge account terms than those specified.

9. Terms of sale of nationally advertised merchandise where the manufacturer offers specific term schedules are excepted. There are a number of other requirements used in some cities such as standardized terms, amount of down payment on deferred payment accounts, collection procedure, and definite policies in regard to customers who persistently refuse to pay a carrying charge. Also definite rules in regard to the return of merchandise.

The presentation of this carrying charge to the public is most important. It should have all the publicity possible before putting it into effect. Newspaper advertising, radio, inserts with statements, endorsements by the Chamber of Commerce and Retail Credit Association, editorial comments and articles in the daily papers, are most effective.

In Lincoln, we started three months before the charge went into effect. Ads were run in the daily papers in December, January and February. Inserts were placed with all statements beginning with those mailed the latter part of December, and continuing through until the latter part of February. Several articles and editorials appeared in the daily papers during this period and our customers were well informed before this charge was instituted. The education of the public well in advance gave them time to become acquainted with the plan and an opportunity to voice their reactions to it. We were well pleased with the way the plan was received and it was accepted favorably almost without exception.

*Our prompt-paying customers particularly appreciated this distinction between them and the slow-pay individual.* It also furnished us with a very good answer to the prompt-pay customer who feels that he is carrying the burden for the one who pays slowly. The cost of presenting this plan to the public was about \$350.00, and this was pro-rated among those signing the Community Credit Policy.



The cost of putting a carrying charge on accounts has been worked out by a number of stores who have had several years' experience. It seems to be well established that the cost does not exceed one to one-and-a-half cents per account per month. Most stores report no additional help is needed. The worst objection seems to be that it takes from one to two days' additional time to mail statements, depending on the size store and number of statements to be mailed.

The carrying charge plan is a success. There seems to be no store on record that has discontinued the plan when once started. In Lincoln, approximately sixty-five stores signed and put into effect the Community Credit Policy, including all of the larger stores. All are convinced that it is sound business practice and producing the best of results.

I have talked with various credit granters at different times and just a few days ago interviewed five from the five larger stores in Lincoln, with these results (all remarks refer to regular monthly charge accounts—not deferred payment accounts):

1. All agreed the objections and refusals to pay have been too few to be considered.
2. All agreed that collections were better—but did not believe that the carrying charge was wholly responsible.
3. The percentage of accounts on which it is necessary to put a carrying charge runs from 20 to 30 per cent.
4. The average charge per account per month is from nine to twelve cents.
5. No additional help was put on, but in some instances there was a readjustment in office work.
6. There have been no refusals to sign an agreement to pay a carrying charge.
7. The revenue from the charge exceeded expectations and is a big factor in reducing office expense.
8. It takes about one day longer to get the statements ready to mail.

I did not get the figures, in dollars and cents, on the revenue that this carrying charge is producing for the other stores in Lincoln, but I can give you my experience.

During the ten months it has been in operation, we have placed more than \$1,500.00 in carrying charges on our accounts. This charge has been placed on about one-third of our accounts each month. The average charge per month per account is 10.3 cents. The average collection increase over the previous year during this period was 4.2 per cent. There have been so few complaints that we do not consider them and the charge-backs have been very small. Most of them are caused by customers mailing checks about the time statements are mailed with charges on them. These we credit without attempting to collect from the customer, unless it becomes a habit.

I would like to quote from a statement by O. L. Pfau, Credit Manager for Strouss Hirshberg Co., Youngstown, Ohio, appearing in the September, 1935, issue of *The CREDIT WORLD*:

"In the last five years the carrying charges collected on all kinds of accounts have averaged 82.8 per cent of the net profit—1.8 per cent of the total expense—and 41.4 per cent of the cost of the credit department. For the past five years the carrying charge on past-due accounts averaged  $\frac{1}{2}$  per cent on net regular charge sales. It might be very difficult to cut  $\frac{1}{2}$  per cent from your expenses by some other method than adding this carrying charge which we consider fair, reasonable and logical."

Also quoting from an article by C. R. Egeler, Credit Manager for Halle Brothers Company, Cleveland, Ohio, which appeared in the August, 1934, issue of *The CREDIT WORLD*:

"There is not a man here who, if he knew how much in dollars and cents was added to our annual net income from this source, could afford to disregard the opportunity. It amounted to about one-third of the charge-off against reserve for depreciation during 1932 and 1933."

The testimony of these two men is most convincing as to the results obtained and the general acceptance of the charge by the public shows that it is fair and just.

(Continued on page 32.)

### **MONTHLY CHARGE ACCOUNT TERMS.**

For your convenience, monthly charge accounts enable payments to be made in one sum for purchases made during the previous month. Purchases made during one month are payable in full not later than the tenth of the following month.

To make charge account service fair to cash customers and prompt paying charge customers, a reasonable carrying charge will be made when it is necessary for any balance to remain unpaid sixty days after statement is rendered.

Accordingly, beginning March 26, 1935, a carrying charge of  $\frac{1}{2}$  of 1% per month will be added on any balance more than sixty days old. This policy coincides with that of many other cities and is necessitated because all merchandise is priced on a cash basis.



Cordially yours

LINCOLN RETAIL CREDIT ASSOCIATION  
LINCOLN, NEBRASKA.

*The Announcement Insert—Enclosed with December, January and February Statements*

# Credit News Flashes--

## Personal and Otherwise

### Testimonial Dinner to Walter Baab

In recognition of his successful three-year term as President of the Association the directors of the Associated Retail Credit Men of New York City, Inc., on March 18 tendered a testimonial dinner to Walter E. Baab, Credit Manager, Franklin Simon & Co., whose term expired last month.

As a token of esteem the directors presented Mr. Baab with a handsome traveling bag, properly initialed.

### President Driver to Address Detroit Meeting

President Giles C. Driver will be guest speaker at a special meeting of the Associated Retail Credit Men of Detroit, April 9. We hope to have a report of this meeting for the next issue.

### Portland Association Holds "Bankruptcy" Meeting

The Retail Credit Association of Portland, Ore., recently held a very successful meeting at which the proposed amendments of the bankruptcy laws were discussed quite thoroughly. At the same time, the Committee on Education distributed two thousand copies of an editorial from the *Portland Oregonian* of March 5, which discussed the whole bankruptcy question.

### Membership Blank

National Retail Credit Association  
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....

Title.....

Firm.....

Address.....

City..... State.....

Recommended By.....

### Vancouver's Annual Election

The Retail Credit Grantors' Association of Vancouver, B. C., at their annual meeting and banquet February 20, elected the following officers: President, L. C. Thomas, Vancouver Lumber Co.; Vice-President, J. Ames, Home Oil Distributors, Ltd.; Treasurer, S. G. Collier, Stonehouse Motors, Ltd.; and Secretary, M. A. Kelly, J. W. Kelly Piano Co. Directors: E. Marsden; R. L. B. King; G. Jackson; E. J. Patrick; and L. L. Harris.

### York (Neb.) Has Community Credit Policy

Under the auspices of the York County Credit Association, the merchants of York (Neb.) have adopted a community credit policy with carrying charges effective April 1.

### Bonner Celebrates Twenty-fifth Anniversary as Credit Manager

Robert O. Bonner on March 1 celebrated his twenty-fifth anniversary as Credit Manager of L. S. Ayres Company, Indianapolis. He has been in the Credit Department for 33 years, having entered the service of the Ayres Company as a young man. (In fact his entire Credit career has been with this one store!) After a short time he was made Assistant Credit Manager and for the past 25 years has been Credit Manager.

### Winnipeg Elects New Officers

At the second annual dinner meeting of the Credit Grantors' Association of Winnipeg, held recently, the following officers and directors were elected:

President, F. W. Funk, Retail Credit Manager, The Hudson's Bay Company; Vice-President, Charles Crawford; and Secretary-Treasurer, F. E. Womersley. Directors: Charles Waring; J. Rathgeber; A. C. Seaborn; A. U. Chipmon; H. W. Ashton; and P. B. Keffer.

H. C. Bush was elected Secretary of the Retail Credit Association of Des Moines at the last meeting of the Board of Directors.

### Minneapolis Association Issues New Booklet

The Retail Credit Association of Minneapolis has just released a very attractive booklet titled "The 3 C's" with a subheading, "Character, Capital, Capability." The booklet covers the City's achievements in the credit field, the history of modern credits, a modern credit office, a modern credit bureau, and the Retail Credit Association.

This is a book that is valuable for distribution to credit buyers as well as to prospective members, as it covers its subject in plain, understandable language.

## An Open Letter to Credit Executives of the Dairy Industry

To those of you who did not attend the sessions of the Dairy Group during the National Convention in Rochester, New York, in June, 1935; you missed something that would have been very beneficial to you in solving your credit problems.

While the Dairy Group is comparatively young in so far as its participation in our National Conventions is concerned, it was the opinion of the Group itself and also of the National Officers that it was one of the outstanding group conferences held in Rochester—so you Dairy Credit Managers get ready to attend our Convention to be held in Omaha, Nebraska, June 16-19, inclusive.

To those of you who anticipate going to Omaha: please feel free to write me, advising what subjects you will want discussed. I will then compile your questions and send you a list shortly before the Convention so you may come prepared to discuss them intelligently.—GEORGE L. NEUMAN, *Chairman, Dairy Group*, c/o St. Louis Dairy Co., 2000 Pine Street, St. Louis, Mo.

The Retail Credit Granting School of Portland has been announced by M. L. Owen, Controller, Charles F. Berg, Inc., and Chairman of the Retail Credit Association of Portland, Ore. The course consists of fifty two-hour lectures on various phases of credit work. B. B. Cantor, Manager of the Adjustment Department of the Association, is Registrar.

## Roanoke Association Has New Plan for Increasing Attendance at Meetings

G. S. Giles, newly elected President of the Retail Merchants Association of Roanoke, Va., at the March meeting of the Association instituted a new plan for increasing attendance at monthly meetings. Under this plan certain members are delegated to call a definite number of other members and endeavor to get their assurance that they will be present at the next meeting. Inciden-

tally, Mr. Giles set a quota of 25 new members as the goal for the coming year.

R. Lee Lynn, President of the S. H. Heironimus Co., reported that his losses from bankrupt customers and from bad checks were negligible last year, only a small amount being charged to profit and loss, due to close cooperation with the Association.

## Pittsburgh Insists on Promptness

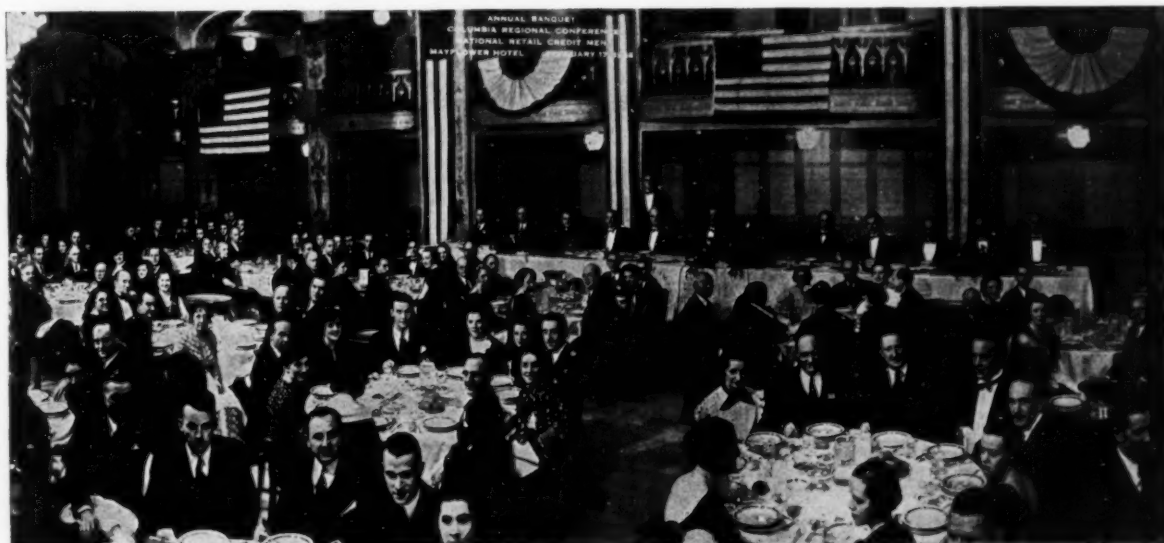
"Be on time," says the bulletin of the Credit Bureau, Inc., announcing the monthly meeting of the Retail Credit Men's Association of Pittsburgh. "The first 25 members," the announcement continues, "reaching the ticket desk will pay twenty-five cents for their one-dollar dinner; the next fifty members so reporting will buy dinner tickets at fifty cents. All following them will pay the regulation price of one dollar."

## Oakland's Credit Study Course

The Associated Retail Credit Granters of Alameda County (Oakland and Berkeley), Calif., conducted their sixth annual credit study course during the months of February and March. One hundred and ten students were registered for the course. G. L. Kuhnel, Assistant Credit Manager, J. F. Hink & Son, Berkeley, Calif., acted as quiz master after each lecture.

Miss Frances Webster has been promoted to the position of Credit Manager of the Root Dry Goods Co., Terre Haute, Ind.

The National Office extends to its members in all the cities in the flooded areas deepest sympathy in their loss of business as well as property during the recent floods. Although many have tried to carry on as usual and many of the Credit Bureaus have rendered reports and service to the best of their ability, a tremendous loss has been sustained by the retailers in the various communities.



*The Twelfth District Conference Banquet—Washington, D. C., February 17, 1936*



# All Nebraska Invites You-- To the Omaha Convention!

By MAX MEYER

General Manager, The Nebraska Credit Company, Lincoln, Neb.

IT'S ONLY seventy years or so since hardy pioneers from the East began pouring into Nebraska, taking homesteads and proving the fertility of Nebraska's soil. Their industry is evidenced by the fact that Nebraska is one of the five leading states in the nation today in agriculture and live stock production.

Measuring distances, traveling the Lincoln Highway through the state from Omaha to Pine Bluff, one covers 479 miles. Or journeying from Falls City in the southeast corner of Nebraska to Harrison in the northwest corner is a mere matter of 604 miles.

Nebraska as a state has no bonded indebtedness. The eleven-million-dollar State Capitol at Lincoln and a well-planned system of highways were all paid for when constructed.

## See Nebraska's New State Capitol

Nebraska's new state capitol represents the most vivid and original conception ever thought out in the field of American art. It symbolizes the inherent power of the state of Nebraska and the purpose of its citizens. The base, in the form of a rectangle four hundred and thirty-seven feet square and two stories high, typifies the widespread, fertile Nebraska plains. The central tower, serving as the chief architectural feature of the building and rising triumphantly to a height of four hundred feet, expresses the aspirations and ideals of the citizens, reaching upward to the highest and noblest in civilization. The capitol "forms a monument not only of the outdoor life of an agricultural state, but also of the aspirations of a pioneer community which broke its material sods in order to sow its more splendid cultural future."

It's just 58 miles from Omaha, Convention City for the Twenty-Third Annual Convention of the National Retail Credit Association and the National Consumer Credit Reporting Corporation, to Lincoln, capital city, as well as the home of the University of Nebraska and the well-known "Cornhusker" athletes.

## Other Points of Interest

Arbor Lodge, Nebraska City, home of J. Sterling Morton, founder of Arbor Day, has become a State Park and is well worth a visit. The Goose Hill Drive north

of Nebraska City gives beautiful panoramas of the Missouri River and its bordering hills. Brownville and Bellevue were both flourishing cities in the early days and retain many spots of historic interest.

Cherry County, larger than the State of Connecticut, contains the Nebraska National Forest. From the extensive fossil beds in Sioux County have been taken huge skeletons of prehistoric animals, many of which are mounted and on exhibition in the University Museum at Lincoln. Long Pine and Chadron provide many facilities for camping and fishing. A national monument in Scottsbluff commemorates the Oregon Trail, once the most heavily traveled road in the history of the world.

## Nebraska Is Proud of Omaha!

Nebraska is proud of Omaha, the enterprise of its citizens and its wonderful civic progress. A metropolitan city, its trade territory extends over several states. Its many excellent hotels, theaters and places of amusement make it

an ideal convention city. Through its Ak-Sar-Ben Den Show it has built up that priceless asset, good will, throughout a wide area. The Den Show will be given on Monday evening of Convention week and will provide unforgettable entertainment to convention delegates.

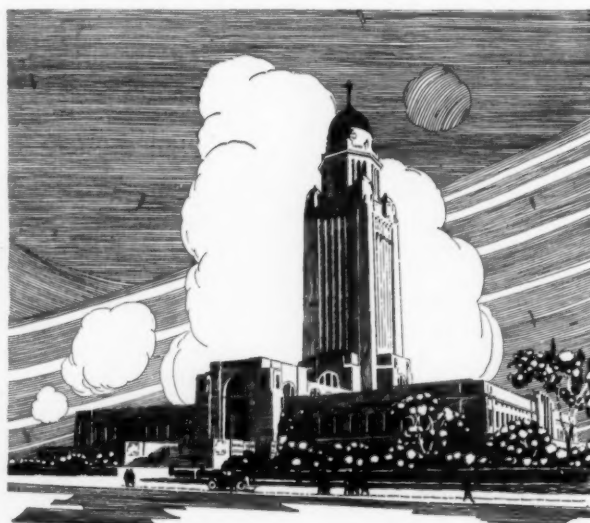
Nebraska credit folks have always taken an active part in affairs of the National Retail Credit Association. Several Nebraskans have served on National boards, and the presidency of the Association was held by the late E. W. Nelson.

Descendants of pioneers, Nebraskans are hospitable by nature. All Nebraska credit people want to be your hosts and all Nebraska invites you to attend the Omaha Convention, June 16-19, 1936.

"There is no place like Nebraska."

## Special Attendance Prize

Elsewhere in this issue is an announcement of a special attendance prize to be given at the Omaha Convention to the local association having the largest attendance based on total mileage. This, offered by the National Office, will be an appropriate prize with a properly engraved inscription.



Nebraska's Modern Capitol—At Lincoln



# Grocery's Collections 86%--

## Bad Debt Losses $\frac{1}{12}$ of 1%

**M**CCANN & COMPANY, of Pittsburgh, Pa., has been generally recognized, for many years, as being the largest single food store in the United States. It is a business two generations old, built on a foundation of having supplied the best food obtainable to the people of Pittsburgh.

Up to five years ago this business was entirely of the cash-and-carry variety, but with the breaking of the depression and the opening of their new combined food store and garage occupying a whole block in the downtown area of Pittsburgh, it was decided to extend the usual charge privilege to worthy customers.

Along with the privilege of having a charge account, delivery service was also established, but on a basis by which the customer would pay a fee of ten cents for the delivery service up to a 100-pound unit. The purpose of this charge was to prevent the unfair loading of service costs on the majority of McCann customers who still preferred to shop in person and take their merchandise with them, in favor of the minority, even though it were a growing one, who preferred to have their merchandise delivered.

McCann's is a downtown store and its delivery covers practically the whole county. It is in quite a different position therefore in rendering a service like this compared with a purely local grocery store which services only a very restricted neighborhood. McCann's delivery service covers a radius 21 miles north and south, by 22 miles east and west.

It is, however, with the McCann credit policy that we are mostly concerned. McCann's is operated by men who were formerly in the department store field and who know from experience the weak policies of many department stores in relation to their credit accounts. A. N. Fraser, the President of McCann's, had been in charge of the credit department of a Pittsburgh store for a number of years, was one of the organizers of the Credit Bureau and the first president of its Board of Directors.

It was determined therefore from the beginning that a clear definition would be drawn in the customer's mind showing the essential difference between a department store account and a food account. Grocery store credits have become a by-word for abuses in this field. McCann & Co. resolved not only to overcome that unfavorable background but also to establish a wholly new definition of food credit granting.

It was realized that this stand would operate to restrict the acceptance of the McCann credit policy, but in the years which have followed they feel that their judgment has been fully vindicated. The policy itself is simple. It is stated in words which are trite but which have been given new meaning by McCann's. It is simply this: "This account must be paid in full the month following the one in which the charge is made."

In presenting this ideal to their customers, McCann's have consistently restated their policy that a food account could in no sense be regarded as a financial accommoda-

tion but was a customer convenience only, and that the moment it became a financial accommodation it must cease to exist. The reasoning back of this, presented by McCann's to their customers, is that a food account is in the quick consumption class.

It is much more properly comparable to a public utility account, such as telephone, water, light and gas service, where the commodity is fully consumed before the bill is rendered and the most stringent terms are imposed upon the granting of the credit. This is almost equally true in relation to food. With the exception of a few cans remaining on the shelves, practically all of the month's purchases are consumed long before the 15th of the month following, when the McCann account is payable.

Department store accounts, on the other hand, may well be said to deal with commodities having an average useful life considerably in excess of 30 days. A suit of clothes lasts an average department store customer for a year or more; furniture endures for a number of years; even fashion items are good for that season at least.

So the department store may reasonably, if it chooses, be much more soundly lenient in granting extended credit terms than a food store. The difficulty of course is that in the customer's mind this distinction is not readily recognizable. It requires a process of education to bring it about.

In support of this policy, McCann's say they do not have a collection department, and that is a fact. They have no form letters, and most of the necessary reminders to customers go out over the phone.

*Whenever it is necessary to write a customer on an account, the letter is distinctly educational in type. If necessary it recites the conditions under which the account was opened and the philosophy back of a McCann charge account.*

If necessary the account is actually closed. Accommodation is granted to a regular customer who is actually in financial difficulty but credit is immediately stopped.

The result has been a most illuminating experience. At first it was freely predicted by some credit men who knew McCann's standard, that it would be impossible to maintain throughout the years the high performance of collection ratio of their early months, as there would inevitably be an accumulation of slow-paying accounts added to the books. But that has not been the case!

For five years the collection percentage of the store has averaged a trifle over 85 per cent each month, and for 1935 was a trifle over 86 per cent. The actual net loss on bad accounts has been of course remarkably small as a consequence. For 1935, it was .08 per cent (about one-twelfth of 1 per cent) of the credit business done that year.

*McCann's believes that, starting from scratch, a sound credit experience may be realized in retail food credits, providing—the company has the resolution to go through with it.*

## Credit Educational Courses Available for Individual as Well as Class Study

*"I will study and prepare myself, for some day my chance will come!"*

The familiar picture of Abraham Lincoln, studying by the light from the open fireplace in his crude log cabin home, has inspired countless thousands to achieve greater things through self-improvement and home study.

Realizing that there are many individuals who have not the opportunity to join organized classes for credit study, the National Retail Credit Association has made available—for individual or home study—both of its courses: *Retail Credit Practice and Procedure* and the *Advanced or Credit Salesmanship Course*.

Both courses use the same texts and other materials as are used in regular class work. Papers are sent to the National Office where they are carefully graded and upon completion of the course, a diploma is issued to each individual student who qualifies.

The Retail Credit Practice and Procedure Course is, as its title implies, devoted to the fundamentals of retail credit practice and procedure. The Advanced Course goes still farther and takes up the problems and practical methods of Credit Department Salesmanship. The cost of either course is very small—the results limited only by your own effort. Write now, for full information, to the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

## Kentucky Has New Garnishment Law

Following the lead of West Virginia, which recently passed a similar law, Kentucky now has a law, approved February 27, 1936, making the salaries of state, county, school boards' and municipal employees subject to execution and garnishment.

It was actively supported by the credit associations and credit bureaus throughout the state, the credit bureau and merchants of Frankfort being particularly helpful in obtaining its passage. The text of the law follows:

### HOUSE BILL No. 189

An Act to subject to execution and garnishment salaries of state, county, school boards' and municipal employees; and providing in which courts any such suits shall be filed.

Be it enacted by the General Assembly of the Commonwealth of Kentucky: That salaries or sums due state, county, school boards' and municipal employees shall be subject to attachment or garnishment the same as if such salaries or sums were due from an individual.

That all suits, whether actions at law or in equity, wherein the salaries or sums due state, county, school boards' and municipal employees are garnished as provided herein, shall be filed in any court of this State, which court has jurisdiction of the subject matter of such suit or action as is now provided by law.

## New Credit Women's Club at Ottawa

The latest addition to the roster of credit women's clubs is the Ottawa Credit Women's Breakfast Club, Ottawa, Canada, which held its first meeting March 4.

## IN MEMORIAM

### Richard M. Nyhagen

Richard M. Nyhagen, a former President of the St. Paul Retail Credit Association, died at his home in St. Paul, Minn., March 7, after an illness of about one year. He had been a resident of St. Paul for 35 years, having served as Credit Manager for the old St. Paul Gas Light Co., and later becoming assistant Credit Manager of the Northern States Power Company.

### James J. Hart

James J. Hart, President of the Duluth Ice & Fuel Co., Duluth, Minn., and a Past President of the Associated Retail Credit Men of Duluth, died in a Duluth hospital March 21, having been ill for a week following a major operation. He was President of the Duluth Retail Credit Association for the past 3 years.

### Henry A. Eiband

Henry A. Eiband, founder of the department store bearing his name, died at his home in Galveston, Tex., March 17 at the age of 72. He had lived in Galveston since 1884 and had been engaged in the mercantile business continuously during that time. At the time of his death he was associated with his sons Joseph G. and Henry C., in the conduct of Eiband's, one of the largest and oldest department stores in Galveston.

## The Reason

- A pass book is simply a customer's record.
- An advance notice is only a bill.
- A schedule of payments is just information.
- Combine the good features of these three systems into one—eliminate costly and unnecessary operations—then add several new and effective collection ideas and the total will result in Allison's Patented Due Date Coupon Book.
- An installment collection system that covers your operation one hundred percent will serve your purposes better than one that performs one-third of the necessary work. That is the reason why Allison's Collection Coupon Books will improve your collections and reduce your costs.

Write for Samples and Prices

**Allison Coupon Company**

FACTORY AND EXECUTIVE OFFICES  
INDIANAPOLIS, INDIANA

# Make April and May Count!

IN THE August, 1935, CREDIT WORLD the following membership prizes were offered to all participants reporting one or more members:

For 1 new member: Blue Book of Collection Letters.

For 3 new members: N. R. C. A. Gold Lapel Button or copy of either of Past President Reed's books (*Retail Credit Practice* or *Credit Department Salesmanship*).

For 5 new members: N. R. C. A. Gold Watch Charm.

For 10 new members: N. R. C. A. Gold Ring.

Parker pen sets will be awarded as follows: To the District Membership Chairman, State Chairman, Local Chairman, Local Association President, and Local Association Secretary, reporting the greatest number of members.

Pen sets will also be awarded to the District Officer or Director and to the individual credit manager and individual bureau manager or bureau representative personally securing the greatest number of new members.

Likewise, pen sets will be awarded to the National Officer or Director personally securing the greatest number of new National members.

The most effective membership work is done in the two months prior to the Convention and every interested member is urged to do his part to make the 1935-1936 campaign a success.

The Pittsburgh Association leads the country to date and they're still "on the job." Minneapolis and Memphis promise results comparable to last year's; Houston and Dallas are committed for 50 members each, and Chicago has set its quota at 200. New Orleans, Birmingham, Montgomery, Chattanooga, Nashville, San Antonio and Fort Worth are actively engaged in increasing memberships.

Much is expected of Districts 10 and 11, on the Pacific Coast, and the President of District 11, H. Price Webb, who is also National Director, writes that we will not be disappointed insofar as his district is concerned.

Ottawa, Canada, is awake to the advantages of National membership and will be heard from prior to the Omaha Convention. Our Convention City of last year, Rochester, New York, has promised a surprise in the way of new members, and the 1936 Convention City, Omaha, is expected to come to the front "in a big way" before the close of the campaign, May 31, 1936.

National members in the smaller, unorganized communities, can do much to improve credit conditions locally by taking an active interest in bringing all credit granters into the National through an affiliated cooperating local unit.

For instance, the only member in a city of 10,000 writes: "We are handicapped in our collections, particularly by the fact that many of the stores here do not go after collections as they should. We would like to get additional helps so we may be able to obtain better collections under such conditions."

This man would be helping the other stores (as well as his own) by putting on a personal drive for National members and a local unit of the National!

Let's all resolve now to do a real membership job the remaining two months, and finish in a blaze of glory!

## Membership Standing

New Members Enrolled—June 1, 1935 to March 26, 1936

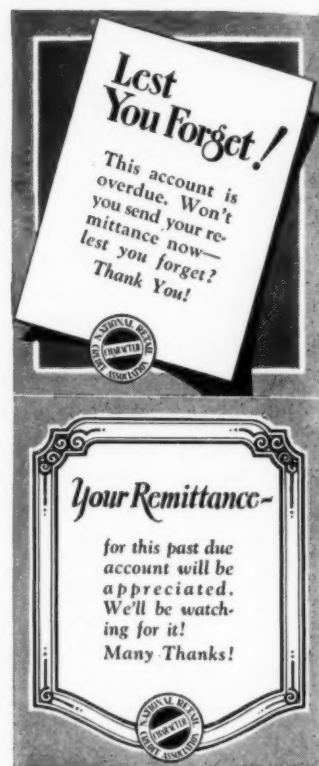
Region State City			Region State City		
DISTRICT No. 1	62		MISSOURI	123	
CONNECTICUT	7		Kansas City	46	
Miscellaneous	7		St. Louis	75	
MASSACHUSETTS	36		Miscellaneous	2	
Springfield	20		OKLAHOMA	7	
Miscellaneous	16		Miscellaneous	7	
RHODE ISLAND	18		DISTRICT No. 8	56	
Providence	18		TEXAS	56	
VERMONT	1		Dallas	13	
Miscellaneous	1		San Antonio	21	
DISTRICT No. 2	131		Miscellaneous	22	
NEW JERSEY	5		DISTRICT No. 9	60	
Miscellaneous	5		COLORADO	51	
NEW YORK	126		Denver	45	
New York City	109		Miscellaneous	6	
Miscellaneous	17		NEW MEXICO	4	
DISTRICT No. 3	38		Miscellaneous	4	
FLORIDA	19		UTAH	2	
Miscellaneous	19		Miscellaneous	2	
GEORGIA	10		WYOMING	3	
Miscellaneous	10		Miscellaneous	3	
NORTH CAROLINA	8		DISTRICT No. 10	118	
Miscellaneous	8		ALBERTA, CANADA	29	
SOUTH CAROLINA	1		Calgary	27	
Miscellaneous	1		Miscellaneous	2	
DISTRICT No. 4	63		BRITISH COLUMBIA	4	
ALABAMA	18		Miscellaneous	4	
Birmingham	14		MONTANA	3	
Miscellaneous	4		Miscellaneous	3	
KENTUCKY	2		OREGON	40	
Miscellaneous	2		Salem	36	
LOUISIANA	7		Miscellaneous	4	
Miscellaneous	7		WASHINGTON	42	
MISSISSIPPI	2		Seattle	11	
Miscellaneous	2		Spokane	17	
TENNESSEE	34		Miscellaneous	14	
Memphis	19		DISTRICT No. 11	187	
Miscellaneous	15		ARIZONA	4	
DISTRICT No. 5	143		Miscellaneous	4	
ONTARIO, CANADA	18		CALIFORNIA	179	
Ottawa	17		Los Angeles	28	
Miscellaneous	1		Oakland	81	
MICHIGAN	22		San Francisco	54	
Muskegon	18		Miscellaneous	16	
Miscellaneous	4		HAWAII	4	
OHIO	103		Miscellaneous	4	
Akron	26		DISTRICT No. 12	410	
Cleveland	27		DELAWARE	4	
Steubenville	36		Miscellaneous	4	
Miscellaneous	14		DISTRICT OF COLUMBIA	24	
DISTRICT No. 6	99		Washington	24	
MANITOBA, CANADA	1		MARYLAND	32	
Miscellaneous	1		Baltimore	32	
IOWA	43		PENNSYLVANIA	337	
Des Moines	14		Pittsburgh	313	
Mason City	22		Miscellaneous	24	
Miscellaneous	7		VIRGINIA	10	
MINNESOTA	41		Miscellaneous	10	
Minneapolis	33		WEST VIRGINIA	3	
Miscellaneous	8		Miscellaneous	3	
NEBRASKA	12		DISTRICT No. 13	64	
Miscellaneous	12		ILLINOIS	20	
SOUTH DAKOTA	1		Chicago	14	
Miscellaneous	1		Miscellaneous	6	
WISCONSIN	1		INDIANA	5	
Superior	1		Miscellaneous	5	
DISTRICT No. 7	160		WISCONSIN	39	
ARKANSAS	4		Milwaukee	34	
Miscellaneous	4		Miscellaneous	5	
KANSAS	26				
Wichita	20				
Miscellaneous	6				



# "They Reduce the Cost of Collections

## and the Number of Past Due Accounts"

—H. C. Stroupe, Credit Manager,  
Memphis Power & Light Co., Memphis, Tenn.  
(See article in January issue.)



### 1. The "Standard" Series

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50. Small lots--less than 1,000 assorted--50 cents per 100.

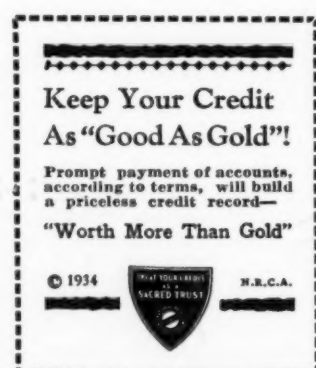
### 2. The "Gold" Series

An outstanding series--rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1 3/4" x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Note: Stickers in both series are now printed in Canada and shipped from Canada for use of Canadian members--at prices shown here.

Order Either Series from Your Credit Bureau or--National Retail Credit Association, 1218 Olive St., St. Louis.



# Your Washington News Bulletin

By R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association  
Colorado Building, Washington, D. C.



## FOREWORD

THIS country is becoming "tax conscious" and will become more so when the Revenue bill, predicted in the February CREDIT WORLD, and now going through Congress, becomes a law. Other evidence that the country is fast becoming restive under the mounting tax burden is to be found in the small number of states, as of March 21, which have passed state unemployment compensation insurance laws, eleven in all.

Passage of state sales tax laws is also being resisted. The Maryland Legislature, now in special session on relief, is not expected to pass a sales tax law as recommended by its governor, while Oregon has rejected for a third time a sales tax—the last time in a referendum on January 31, 1936.

## LEGISLATIVE

### The Chandler Bill—H. R. 11219

At the hearing March 11, on H. R. 11219, the revised Chandler bill, its author, Representative Chandler, gave some of his own experiences in Memphis, Tenn., in wage-earner extensions. The so-called "Debtors' Court" of Birmingham (and its value to the country) was explained by Special Referee Nesbit of that city. The National Retail Credit Association was represented by its Washington counsel.

On March 25, the committee conducted another hearing on H. R. 10634, the Sabbath bill. This latter bill provides for the office of conservator, having general supervision of bankruptcy administration, and also authorizes loans by the RFC to corporate debtors for reorganization purposes under Sec. 77b and to individual debtors under Sec. 74.

### Housing Insurance to Be Extended

Modernization credit insurance would seem to have a strong public interest since, in spite of considerable opposition, as of March 21, S. 4214 (Fletcher) has been favorably reported to the Senate and H. R. 11689 (Steagall) is making progress in the House. The bills extend Title I of FHA to April 1, 1937, and were expected to become law before the present Title I expired by limitation April 1, 1936.

The same may be said of H. R. 461, continuing the Electric Home and Farm Authority, the agency financing sales of electrical apparatus, to February 1, 1937.

## DEPARTMENTAL

### Federal Employees' Debts

Uniform regulations for debts of Government employees are still in the making, the regulations not having

as yet been promulgated by the Executive. However, the District Commissioners of the District of Columbia have recently promulgated regulations applicable to the 6,000 employees of the District. There were, however, 111,000 Federal employees in Washington on January 31, 1936, and 805,000 in the United States, including the District of Columbia.

The District regulations require creditors, in effect, to obtain credit reports as a prerequisite to standing for complaint on unpaid indebtedness. Some study is also being given to the Chandler bill as having a direct bearing upon the general subject of debts of Government employees, the feeling being that if such employees are protected by an adequate bankruptcy amendment in extensions or compositions, much of the difficulty with Government employees' debts will be lessened.

### Attention—Credit Bureau Managers!

HOLC and FHA have found character and credit reports to be indispensable. It would seem that WPA, through its Division of Investigation, would also have use for such reports. Fraud and irregularities in WPA are investigated through the Division of Investigation at Washington and its fifteen field offices. These offices, with the agents in charge, are:

Conn., Rhode Island, Mass., N. H., Vt. and Maine—L. C. Duke, 926 Park Sq. Bldg., Boston.

N. Y. C. and State—T. F. Cullen, Lawyers Cy. Tr. Bldg., 80-8th Ave., N. Y. C.

Pa. and N. J.—J. J. Waters, Commonwealth Bldg., Harrisburg, Pa.

Del., Md., D. C., Va., W. Va. and N. C.—T. B. Cantrell, 451 Walker-Johnson Bldg., Wash., D. C.

S. C., Ga., Ala. and Fla.—Ralph Hopkins, 200 W. Forsythe St., Atlanta, Ga.

La., Miss., and Ark.—F. M. McLaury, 1352 Canal Bk. Bldg., New Orleans, La.

Tenn. and Ky.—Edw. W. Meyer, Jr., 424 Stahlman Bldg., Nashville, Tenn.

Ohio and Mich.—Dudley Frank, 924 Federal Bldg., Detroit.  
Ill. and Ind.—W. M. Steinbauer, 314 U. S. Court House Bldg., Chicago.

Wis., Minn., N. D. and S. D.—C. D. Hollinger, 642 Minnesota Bldg., St. Paul, Minn.

Mo. and Kan.—Richard Thompson, 563 New P. O. Bldg., Kansas City, Mo.

Texas and Okla.—J. R. Cannon, 450 Federal Bldg., Dallas, Tex.

Colo., Wyo., Utah and N. M.—Aaron Salzman, 313 Central Svcs. Bk. Bldg., Denver.

Ore., Wash., Idaho and Mont.—Nathaniel Rogers, 701 Spalding Bldg., Portland, Ore.

Calif., Ariz., and Nev.—C. E. Goranson, 419 P. O. Bldg., San Francisco.

### Bank Deposit Insurance Cost

The Federal Deposit Insurance Corporation is assessing the 14,208 member banks, as insurance assessment for the first six months of 1936, the sum of \$17,346,000. The average daily deposits of these same banks for October, November and December of 1935 were approximately \$41,629,000,000, which figures compared with the assessment indicate, roughly speaking, an annual cost of less than one-tenth of 1 per cent of the deposits.

Those N. R. C. A. members, who in 1933 advocated guarantee of small bank deposits, will be much gratified at the low cost of such insurance, since it bears out their contentions that the cost would be small, especially when contrasted with resulting benefits.

### COURT DECISIONS

#### A Decision Construing "Preferences"

*Secs. 60a and 60b* of the Bankruptcy Act, dealing with preferences, have recently received an important construction by the Supreme Court where such preferences consist of payments on account. A creditor was sued to recover as preferences amounts received within four months of bankruptcy on account of an overdue debt.

The creditor had reason to believe that the debtor was insolvent but contended that the burden rested on the trustee in bankruptcy to prove that each payment had the effect of enabling the creditor to receive a greater percentage of his debt than other creditors of the same class could have received at the time of such payment if the assets had then been liquidated. Said the Supreme Court in this case, *Palmer Clay Products Co. v. Brown, Trustee*, "Whether a creditor has received a preference is to be determined, not by what the situation would have been if the debtor's assets had been liquidated and distributed among his creditors at the time the alleged preferential payment was made, but by the actual effect of the payment as determined when bankruptcy results."

### Carrying Charges -- A Year's Experience

(Continued from page 23.)

To sum it all up it seems to me that it is only fair to the *prompt-pay* customer to compel the *slow-pay* customer to finance the cost of carrying his own account. The sum realized from this charge is large enough to be an important item in your profit and loss statement. I know that when I make my annual report next month to the directors of my store, they will view with a great deal of pleasure an item of about \$1,800.00 entitled, "Received from carrying charges on accounts receivable."

If any of you are interested in promoting a community credit policy in your city, though it be large or small, I would recommend that you obtain and study the book, *Community Credit Policies*, compiled and published by the Research Division of the National Retail Credit Association. It is filled with information on Community Credit Policies, experiences and results, and is a practical and useful guide for those contemplating a community credit policy.

*Twenty-Third Annual Convention—National Retail Credit Association—Omaha, Neb., June 16-19, 1936. Plan now to attend—it will pay you dividends!*



### Letters That Cross The Editor's Desk

Your Secretary gets around town a bit and is pleased to note *The CREDIT WORLD* is being read by the chief executive in many firms. If your boss isn't among those now reading it, try laying it on his desk, calling his attention to the Credit Department Letters Page and the Fast Reading Review of Collection Percentages and Trends. After that, it is almost certain he will ask for it every month.

And have you noticed the constant improvement in this splendid publication? Messrs. Crowder, Hannefin and Hert of the National Office are doing a fine job in sending to our desks each month so many usable ideas, articles, and credit data that are essential to know in conducting any kind of business dealing in consumer credit.—H. C. BUSH in the Bulletin of the Retail Credit Association of Des Moines.

One does not have to read very much more than the headlines to see the great improvement in *The CREDIT WORLD*. The entire publication is filled with articles most interesting to credit managers. And the figures contributed by the Research Department add materially.

It is a pleasure to send you this voluntary compliment on the splendid piece of work you have been doing on our official organ.—GEORGE A. LAW, The John Gerber Company, Memphis, Tenn.

"The current [March] issue of *The CREDIT WORLD* is a good one and deserves commendation; most of the articles are excellent and any one of them well worth the price of membership."—FRANK BATTY, Hale Brothers, Inc. San Francisco, Calif.

### Positions Wanted

**SECRETARY—ASSISTANT CREDIT MANAGER.** Young lady, twenty-seven, now employed, with six years' credit experience in large department store desires connection with New York City concern. Capable receptionist, complaint adjuster or assistant to Credit Manager. References furnished. Address Box 41, *CREDIT WORLD*.

**CREDIT MANAGER**—with 20 years' experience in retail credits, 17 of which were spent in the Southeast, 3 in large department store in Middle West. Thoroughly familiar with all phases of credits, also office routine. Reasonable salary. Interview at own expenses. References. Address Box 42, *CREDIT WORLD*.

**CREDIT AND COLLECTION MAN AVAILABLE.** A young man of 29, college educated, with ten years of credit background and experience, is looking for a connection with a reliable concern. He is well versed in all phases of installment, department store and finance company collection and credit procedure. He is capable of office management, complaint adjuster, skip tracer, or assistant to any executive who wishes a man who can handle detail. Salary is of secondary importance. Address Box 21, *CREDIT WORLD*.



## "The First Four Pages of the New Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



### Read the Letter:

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

*I think the letters are splendid and the why and wherefores that go with them are so helpful, I do not believe anyone in this line of work will ever regret the purchase of one.*

Yours very truly,  
L. V. Gibbs, Credit Mgr.  
M. Levy Co., Inc.  
Shreveport, La.

**T**HIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

A glance at the subtitles will give you an idea of its contents:

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)

Installment or Budget Account Letters

Special Letters for Special Problems

Letters to Revive Inactive Accounts (With reports of actual results)

Letters That Build New Charge Account Business (Actual letters shown)

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## National Retail Credit Association

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## Your Name is in This "Who's Who"



The files of the Retail Credit Bureau contain the credit record of every citizen, and every member of the bureau has access to them

## "CREDIT Is Like a Looking-glass"



and the Credit Bureau's record is only a reflection of how people meet their obligations

"Credit is like a looking-glass, which, once sullied by a breath, may be wiped clear, but if once cracked, can never be repaired."  
—Sir Walter Scott

## "More Than All the Gold Mines In the World"



"Credit," said Daniel Webster, "has done a thousand times more to enrich mankind than all the gold mines in the world"

**THE** record this Credit Bureau keeps on each individual is just the manner in which he pays his accounts with the merchants and professional men.

The individual makes the record, the Credit Bureau only records it. No opinions enter into it—only actual facts as reported by members. His conscience can give him the record as clearly as we can!

But, today, "credit, once cracked," can be repaired. Any man who can guard his credit as a sacred trust, if it has become impaired, start now to rebuild it for your credit record is your credit reputation.

Use your credit freely and pay all bills by the 10th or promptly as agreed

**MEN**, since the dawn of history, have endured privations, hardships and suffering in the feverish search for gold. Nations have fought for it!

Yet millions have found, through the proper use of credit, a quicker, surer means of advancement. For credit enables them to buy the things they need now and to pay for them out of their earnings.

You may not be wealthy but—If you have a good credit record—a reputation for paying your bills promptly and keeping your promises—you have something as valuable as gold itself!

And the more you use it the more valuable it becomes! For every prompt payment of an account adds that much prestige to your credit record.

Use your credit freely and pay all bills by the 10th or promptly as agreed

What do your customers know about credit? About credit terms? What do they know about the credit bureau and its functions? Do they even know of its existence? Do they really understand the value of good credit ratings or the advantages of being able to buy on credit?

Every retailer knows the value of newspaper advertising in retail merchandising. If it's good business to use it to sell merchandise isn't it equally good business to use it to "sell" the idea of paying—according to terms—for that merchandise?

The N. R. C. A. "Pay Promptly" advertising campaign, consisting of 12 advertisements, in three sizes, was developed for just that purpose. The ads are diversified, explaining various credit questions from the credit bureau to the use of a charge account.

This campaign will improve credit conditions in the entire community by showing people why it is to their advantage to pay their obligations promptly.

Write for descriptive circular, showing the ads in three sizes and giving prices of mats (in each size) and full information.

**NATIONAL RETAIL CREDIT ASSOCIATION**  
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